

Nafta debate
Mexico is worried too
Page 13

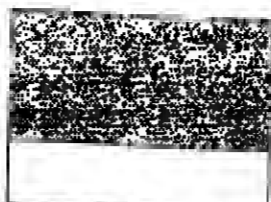
Shopping by screen
Tapping into convenience
Page 10

Plunge into poverty
Bleak picture of Serbia's economy
Page 3

Korean finance
Freedom on the agenda
Survey, Pages 25-28



Shopping by screen
Tapping into convenience
Page 10



Plunge into poverty
Bleak picture of Serbia's economy
Page 3



Korean finance
Freedom on the agenda
Survey, Pages 25-28

FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY NOVEMBER 11, 1993

Page 1

US agrees next stage of Concorde replacement

The US National Aeronautics and Space Administration will start work next year on the air frame, propulsion and systems technologies of a 300-seat supersonic airliner to replace the Anglo-French Concorde. This second phase of the project is expected to last seven years and to cost \$1.2bn. Page 14

Ten die in US tourist coach crash



Ten people were killed and 36 injured, two of them seriously, when a coach (above) carrying 44 American tourists on a day trip to Canterbury in south-east England slid off a motorway and plunged down an embankment.

Moderate US inflation rates: The underlying rate of US inflation remained moderate despite a 0.4 per cent gain in consumer prices last month, the Labour Department said. The year-on-year rate of inflation rose to 2.8 per cent. Page 4

VW loss cut: Group net profits of DM70m (\$43.2m) in the third quarter helped Volkswagen reduce losses for the first nine months of this year to DM1.53bn. Page 15

News Corporation: media, film and publishing group, reported a 21.4 per cent increase in third-quarter after-tax profits to \$282.3m (US\$175m). Associated companies, including satellite broadcaster BSkyB, were largely responsible. Page 15; Lex, Page 14

Gore scores on Nafta: Vice-President Al Gore was judged the clear winner in Tuesday night's debate with Ross Perot on the North American Free Trade Agreement ahead of next week's crucial House of Representatives vote on the issue. Page 5; No such thing as a free treaty, Page 13

Diabetes success: A drug produced by Bristol-Myers Squibb, US drug company, has reduced deaths from diabetes by 50 per cent. Page 15; Medicines sales down, Page 5

US-UK link-up to fight fraud: The US and Britain signed an unprecedented agreement establishing a US-UK police team to investigate fraud and financial crime in Britain's five dependent territories in the Caribbean. Page 7

London SE boss: Michael Lawrence, finance director of the Prudential Corporation, highest UK insurer, is expected to be named chief executive of the London Stock Exchange today. Page 7

AT&T favoured over BT: Corporate customers of British Telecommunications believe AT&T, US telecommunications giant, would give a better all-round service than BT in the UK, according to an industry survey. Page 8

European joblessness to rise: Unemployment in the European Union will continue to rise until mid-1995, with more than 18m people expected to be out of work in the next two years, the European Commission forecast. Page 2

Eight Russian groups barred: The Russian election commission disqualified eight of the 21 political groups which had sought to register for parliamentary elections on December 12, because they did not have the required 100,000 signatures. Page 3; Russia's future may be another country, Page 3

'Prime sites' for Nigerian ministers: Nigerian government ministers and senior army officers have been allocated prime building sites on land in Lagos, according to evidence filed in the High Court. Page 6

US tax penalty for Nissan: The Japanese carmaker has paid nearly ¥17bn (\$160.4m) in penalty taxes to the US Internal Revenue Service, after a ruling it avoided US taxes by transferring income from the US to Japan. Page 6

Construction chief held: Francesco Calitrono, chairman of the Calitrono CALLMI group, one of Italy's largest cement and construction groups, was arrested in connection with the country's corruption investigations.

Euro Disney shares plunge as \$930m loss is announced

By John Ridding in Paris and Martin Dickson in New York

EURO DISNEY, the European leisure group controlled by Walt Disney of the US, yesterday announced a net loss of FF5.3bn (\$930m) for the year to September 30, prompting a sharp fall in the company's shares on international stock markets.

The losses were higher than expected, and included a write-off of FF3.6bn for pre-opening costs at the Euro Disneyland theme park in the eastern outskirts of Paris, and for planned redundancies.

The exceptional charges represented a serious blow to the company's capital base, reducing shareholders' equity to just FF1.5bn compared with FF7.7bn at the end of September last year, using French accounting standards.

Euro Disney said it had written off all of its pre-opening costs, including marketing and training expenses, to improve its future

Worse-than-expected results increase pressure on parent company for capital restructuring to rescue leisure group

results. But the scale of the losses increased the urgency of capital restructuring at the group and put pressure on Walt Disney to help rescue the European leisure company.

Mr Philippe Bourguignon, Euro Disney's chairman, said the company would require significant funding throughout the current financial year. He said negotiations were underway with its banks and Walt Disney and that he hoped to complete a restructuring plan soon.

Industry observers said the late of Euro Disney largely rested in the hands of Walt Disney.

"It is make-or-buy-up time," said one analyst. He said the US group faced a difficult choice between serving the interests of its own shareholders and suffering the damage

PAGE 15
■ White-knuckle ride for fantasyland investors
■ Lex
■ Walt Disney results Page 17

to its image that would result from a closure of Euro Disneyland.

Walt Disney, which holds 49 per cent of the shares in the Euro Disney, said it would provide finance for Euro Disney for a limited period to enable it to achieve a financial restructuring by spring 1994.

Euro Disney's shares fell sharply in London and Paris. In London, shares fell by 72p to 435p following the results announcement.

In Paris, shares in the company were temporarily suspended and fell by FF5.7 to FF7.38.

The bulk of its losses for the year to September 30 reflected the exceptional charges relating to pre-opening costs and provisions for a planned reduction in staff from 11,100 to just over 10,000.

The net loss before exceptional items was FF1.7bn, which was achieved on revenues of FF5.7bn.

Despite the grim results, Mr Bourguignon said Euro Disney was Europe's most popular leisure destination, attracting 17m visitors in its first 18 months of operation.

In view of the uncertainty surrounding Euro Disney, Walt Disney yesterday took a \$350m (\$231.7m) charge against fourth

quarter earnings to establish full reserves for the temporary funding and for receivables due from the French associate.

Walt Disney said the charge divided roughly evenly between temporary funding and receivables.

Walt Disney's charge, together with its share of Euro Disney's operating losses, meant the US company recorded a total \$414.5m loss from the European venture in the quarter and \$514.7m in the full year.

That in turn pushed Walt Disney into a fourth quarter net loss of \$77.8m, compared with net income of \$233.7m in the same period of last year.

Walt Disney's shares dipped 3/4 in heavy trading on the New York Stock Exchange, to stand at \$40 1/4 at lunchtime.

Britain fears that time is running out for agreement with China over Hong Kong

Major wants to speed up talks on Patten plan

By Alexander Nicoll and Kevin Brown in London and Simon Holberton in Hong Kong

THE BRITISH government yesterday gave strong support to the efforts of Mr Chris Patten, Hong Kong's governor, to broaden democracy in the colony and asked China to accelerate negotiations on his proposals.

Mr Douglas Hurd, foreign secretary, said after a cabinet committee meeting chaired by Mr John Major, the prime minister, that London had proposed "that we move into a more intensive phase of talks straight away to try to reach agreement on the outstanding issues."

Britain wants to reach agreement quickly on uncontroversial aspects of elections in Hong Kong next year and in 1995, so that negotiations can focus on the issues most in dispute with Beijing.

However, after 15 rounds of talks over six months in which there has been little progress, ministers indicated that they would not allow negotiations to continue indefinitely.

Mr Major told a London busi-

ness conference on Hong Kong: "Time is now very short. I do not believe, and nor does the governor, that an agreement is worth any price although we will do our best to get one."

The prime minister said he recognised that "some in the business community would prefer that we did not have this argument." But he said it was unavoidable. "The point at issue is a vital one. We owe it to the people of Hong Kong to hold elections which give them a genuine choice."

Mr Hurd said: "It is weeks rather than months in which we have to reach a conclusion." He said quick agreement on uncontroversial matters would enable the legislative work to begin in Hong Kong.

Officials said this would provide more time for further talks on the main issues, though they cautioned that an agreement would still be needed by the end of the year to permit elections.

The issues most in dispute are expansion of "functional constituencies" from which business groups will elect 30 legislators; an election committee which will



Talking about the talks: Hong Kong governor Chris Patten (left) with foreign secretary Douglas Hurd

elect 10 legislators; and the "through train" - retention of office by all 60 legislators elected in 1995 until 1999, two years after China assumes sovereignty over Hong Kong, in 1997.

China indicated privately last week that it may be prepared to settle on the smaller issues. Brit

Continued on Page 14

Paramount pays \$553m for US publisher Macmillan

By Raymond Snoddy in London

MACMILLAN, the largest US business in the empire of the late Mr Robert Maxwell, was sold yesterday to Paramount Communications which outbid rivals with an offer of \$552.75m.

Paramount owns publishing imprints such as Simon & Schuster and Prentice Hall. Its unsuccessful rivals in the final round of bidding are believed to be Harcourt Brace Jovanovich, the US educational publishers, K-11, the US magazine company, and Pearson, the UK publishing and information group that owns the Financial Times.

The sale agreement takes the gross total raised by administrators Price Waterhouse from the sale of Maxwell Communication Corporation's US interests beyond \$1.5bn. Mr Mark Homan of Price Waterhouse said he believed the net figure would fall within the predicted range of \$700m-\$1.1bn.

"We are looking pretty good on that," Mr Homan said. He added that he believed the main Maxwell disposals in the US could be wrapped up by the end of the year.

Offers are now being received for the last significant US business, Standard Rate and Data, the specialist advertising industry publication.

The purchase of Macmillan will considerably strengthen the publishing interests of Paramount, itself in \$100m merger talks with Viacom, the US cable and television company.

Mr Martin Davis, chairman and chief executive of Paramount Communications, said yesterday the transaction was "a significant step in furthering our strategic objective of creating proprietary intellectual properties that can be distributed through a wide variety of media, from printed pages to computer and video screens."

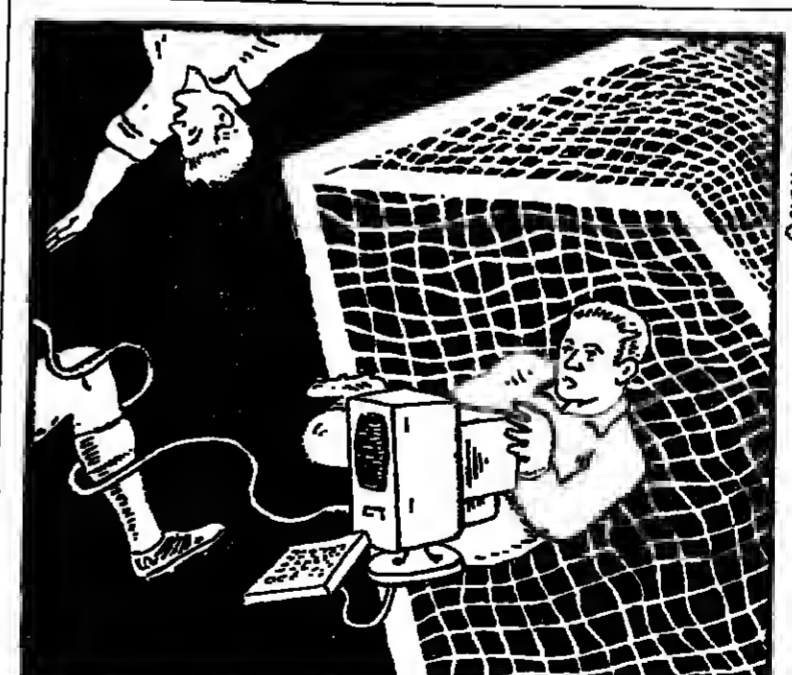
During a transition period expected to last about three months, Mr Jonathan Newcomb, president and chief operating officer, and Mr Andrew Evans, chief finance officer of Paramount Publishing, will work with the Macmillan management on combining the two companies.

Mr Richard Snyder, chairman of Paramount Publishing, said the two businesses were complementary and "significant savings" were expected from integration.

Macmillan's backlist of authors includes Hemingway and Faulkner and its publishing interests range from college and reference to children's books and general fiction.

CONTENTS

European News	2-3	Foreign Exchanges	36	London SE	25
International News	4	Gold Markets	34	Wall Street	37-40
US News	5	Equity Options	35	Stocks	37-40
UK News	6	Int. Cap. Mkts	36	Bonds	37-40
World News	7	Int. Compt.	36	Commodities	37-40
People	8	Managed Funds	36	Money Markets	37-40
Weather	9	Money Markets	36	Recent Issues	37-40
Arts Guide	10	Share Information	37-40	FT World Actuarial	37-40
Crossword	11	Theft and Options	37-40		



SOMETHING TOLD ALEXIS THAT THE MIXTURE OF COMPUTERS AND FOOTBALL WAS GOING TO BE A HEADY BREW

The FIFA World Cup is the world's largest single-sport event. In 1990, one billion people watched. World Cup 94 promises to be bigger than ever. More matches, more teams, more spectators - and more problems to solve.

Sun Microsystems is the official supplier of computer technology to the World Cup, bringing our client/server computing to meet the challenge to this vast event. Could it work for you? Call us on 0276 675252 and ask for our information pack, which also includes a set of Glen Baxter prints from this series of advertising.



A Sun Microsystems, Inc. Business. Buxton Manor, Green Lane, Buxton, Derby, G11 1NL.

NEWS: EUROPE

German taxman's fears confirmed

By Quentin Peel in Bonn

THE German taxman's worst fears of tax evasion appear to have been confirmed. Instead of getting DM24bn (\$14.8bn) this year from a controversial new tax on investment income, the likely receipts are expected to be less than half, around DM11bn.

The figures have emerged in the latest tax estimate published by a special working group of finance officials. They show a new drop in overall public sector revenues this year of DM2.7bn and next year of DM3.3bn.

As a result, the federal government's budget deficit is expected to reach DM73bn-74bn this year and DM75bn-76bn in 1994.

While the most important element in the overall shortfall is the slowdown in the German economy and the steady decline in interest rates, tax evasion is also thought to have played a significant role.

In particular, officials believe there has been a big rise in the transfer of investment income from German bank accounts to foreign accounts, above all in neighbouring Luxembourg, where bankers tell tales.

Opposition politicians called yesterday for tighter banking controls to close the obvious

A new financial package to build Germany's first magnetic hovertrain, known as the Transrapid, and costing an estimated DM9bn (\$5.6bn), will be presented to the German government in early December, writes Quentin Peel.

A spokesman for the industrial consortium backing the plan for the 400kph (250mph) "whispering arrow" train said the package would seek to raise the proportion of private finance for the project in the light of the German government's current budget stringency.

loophole in the taxation of investment income, which has taken the form, since last January 1, of tax withholding on interest income paid into German bank accounts.

A red-faced Finance Ministry in Bonn confirmed the tax estimates for investment taxation yesterday, but insisted that the net effects of the miscalculation were not as bad as they might appear. A spokesman explained that the original estimate of a gross income of almost DM24bn was based on the assumption that some DM17bn was already paid on investment income in the form of income and corporate taxation. Thus the net revenues

were assumed at only DM7bn.

A further DM4bn had to be deducted because of the high tax thresholds introduced, precisely in order to discourage the ordinary income earner from switching his money to offshore bank accounts. Thus the final net income assumed in the Finance Ministry model was only DM3bn.

The spokesman said that the real miscalculation appeared to be the figure of DM17bn as the assumed amount of investment income tax paid under the old regulations, before the new tax was introduced. That figure was now certain to be much less. He estimated that the net loss to the exchequer would be between DM2bn and DM4bn.

Whatever happens, Mr Theo Waigel, the finance minister, is left looking fairly foolish, at a time when he is desperately trying to keep his overall budget deficit under control.

He admitted that his net borrowing requirement would increase, according to the latest figures, but insisted that the government's savings plans remained on course. Finance Ministry officials say there are no plans to make greater cuts in the budget. "We consider the increased borrowing requirement justified because of the recession," one official said.



German foreign minister Klaus Kinkel (below) and interior minister Manfred Kanther at a Bundestag debate on terrorism

Pöhl sees jobs crisis as main European task

By David Marsh

"THE REAL issue" facing Europe is the task of reducing unemployment, combined with the challenge of opening the west of the continent to the former eastern bloc, Mr Karl Otto Pöhl, the former Bundesbank president, said last night.

The objective of the Maastricht Treaty for establishing fixed exchange rates and a common monetary policy in Europe was no longer the main priority. "The question of whether the Maastricht Treaty will ever be implemented is open; to say the least." But conditions for economic and monetary union were "much less favourable" than in the 1980s.

Mr Pöhl voiced doubts over whether the anti-inflation consensus espoused by the treaty would prove durable to view of the "tremendous problems" facing Europe.

These included the consequences of German unification, where he pointed to errors over the introduction of the 2-Mark into east Germany in 1990 and a wrong mixture of budgetary and monetary policies as contributing to high

German interest rates after unity.

German unemployment, now officially 3.5m, was the highest since the great depression of the 1930s. But German unemployment was nearer 5m-5.5m if hidden joblessness were included. "It's obvious this is the real issue. It's the same problem in Spain or France."

German Chancellor Helmut Kohl will deliver a government statement on Europe today in the wake of a controversy triggered by sceptical comments on European union from a key conservative ally, Rainer reports from Bonn.

Mr Kohl has so far not reacted directly to remarks by Bavaria's state premier Edmund Stoiber that his vision of Europe is outdated, and that the goal of a federal Europe, almost holy writ in post-war German foreign policy, should be abandoned.

But Foreign Minister Klaus Kinkel said in an interview in yesterday's Express newspaper that Mr Stoiber's comments "did us damage, and not just a little. My colleagues are worried Germany could be departing from the common goals of the Community."

Growth of 2.2% forecast by OECD

By David Buchan in Paris

WEAKNESS in the Japanese economy will depress average growth among the world's leading industrialised economies to 2.2 per cent next year, the Organisation for Economic Co-operation and Development forecast yesterday.

After a two-day meeting of the OECD's economic policy committee, Mr Kumi Shige-hara, the organisation's chief economist, said growth estimates of real gross domestic product in the OECD were being revised downwards from 1.3 to 1.1 per cent for this year and from 2.7 to 2.2 per cent next year.

While European members of the OECD could expect an average of 1.5 per cent next year, Mr Shige-hara said Japan's growth "could be well below 1 per cent". Ms Laura Tyson, the head of President Bill Clinton's Council of Economic Advisors who also chaired the OECD meeting, said the US was on course in the second half of 1993 for a 3 per cent average growth rate.

The OECD discussion on monetary policy concluded, said Ms Tyson, that the macro-economic benefit of interest rate cuts in the US, Canada, the UK and Australia had been delayed or reduced because of the "build up of debt positions in the business, household and banking sectors".

By contrast, many countries in continental Europe do not see such balance sheet adjustments. "Here," she said, "monetary easing may have a more rapid effect on activity". But she said several continental European countries had indicated that their concerns about currency and price stability prevented them from cutting interest rates.

Ms Tyson said the US believed there was still scope for "further fiscal policy easing in Japan and monetary easing in Europe". The US expected its fiscal recovery was that its fears about inflation had proved exaggerated.

'Hans van den Brittan' ends the Brussels feud

MR HANS van den Broek, the European commissioner responsible for external political affairs, yesterday dropped his resignation threats and agreed to a truce in his long-running power struggle with Sir Leon Brittan, the Commission's chief trade negotiator, writes Lionel Barber.

Mr van den Broek, the former Dutch foreign minister, was on the brink of quitting until a last-minute compromise brokered by Mr Jacques Delors, the Commission president. Under the deal, Mr van den Broek will take over man-

agement responsibility for the European Union's overseas delegations and will have a share in appointing Brussels civil servants to the 110 offices abroad.

Mr Delors is said to be upset by the bickering between Sir Leon and Mr van den Broek who are both political heavyweights.

Other commissioners have found the funding a source of amusement - one insider's joke is that the only satisfactory way to separate the foreign affairs portfolio is to create a new commissioner called

"Mr Hans van den Brittan". However, the Dutchman has failed in his wider gambit to put all overseas staff under the umbrella of DG I, his own Brussels directorate.

Sir Leon and Mr van den Broek have been battling over the division of their responsibilities ever since they took up their posts 10 months ago. During the latest row, Sir Leon argued that it would be illogical to make all overseas personnel responsible to Mr van den Broek since 90 per cent of the EU's work deals with trade and commerce.

EU jobless total heads for 18m

By Lionel Barber in Brussels

UNEMPLOYMENT in the European Union will continue to rise until mid-1995, with little hope of a rapid or consumer-led recovery, according to the latest economic forecasts by the European Commission published yesterday.

More than 18m people are expected to be out of work in the next two years, amid high interest rates, weak output, and only a modest improvement in budget deficits, which are at the highest average level since 1945.

Mr Henning Christophersen, economics commissioner, called for an early reduction in

interest rates, particularly in Germany. "It's not the size of the volume which matters, it's the speed," he said.

The Commission's forecast assumes that Germany will continue to lead the way on interest rate cuts, with countries such as France and Belgium sticking to their policy of shadowing the D-Mark in an effort to maintain exchange rate stability. Overall, it expects short-term rates to drop by 2 percentage points to an average 6.4 per cent in 1994.

But it warns that inflationary pressures could prove more resistant, particularly in Germany. In this case, "the assumed monetary easing

could occur later and to a lesser extent".

Despite the bleak outlook for jobs and growth, Mr Christophersen said the timetable for European monetary union by 1997 or 1999 was still realistic. He insisted that countries could still meet the tough budget deficit targets set down in the Maastricht treaty.

Germany is expected to grow by only 0.5 per cent next year, with all the growth coming from former east Germany, and only by 1.5 per cent in 1994. Unemployment is forecast to rise from 10.6 per cent in 1993 to 11.3 per cent and 11.3 per cent in 1994 and 1995.

The UK, which left the exchange rate mechanism in September 1992, is expected to outperform most, with growth of 2.5 and 2.7 per cent expected in the next two years. Ireland and Denmark also figure strongly, with the Irish expected to be the only European country registering more than 3 per cent growth.

The Commission is sticking to its earlier EU growth forecast of 0.4 per cent and 1.3 per cent in 1993 and 1994 respectively, while output is expected to rise by 2.1 per cent in 1995. Unemployment is forecast to rise from 10.6 per cent in 1993 to 11.3 per cent and 11.3 per cent in 1994 and 1995. Editorial Comment, page 13

INVESTING IN SOUTH AFRICA

South Africa is now much more acceptable abroad

Paul Heinemann, managing director of the Price Forbes Group, talks to John Spira, Business Editor of a leading Johannesburg newspaper.

Spira: What are the main areas of Price Forbes business?

- Heinemann: The group operates in five broad areas:
 - PFI Insurance Brokers, which, together with Corporate Risk Management Consultants, strives to offer the most cost-effective and beneficial solutions to risk-related problems.
 - Alexander Forbes Consultants & Actuaries, which aims to provide the highest quality of employee benefit consultancy, actuarial services, administration and financial planning advice and health care consultancy.
 - Forrester Reinsurance Broking Services, which provides reinsurance administration, protection and coverage services.
 - Medical Administrators, which provides medical scheme administration and health care management services.
 - Integrated Risk Consultants (IRC), which specialises in risk financing consultancy and related products, captive consultancy and insurance company management.

IRC recently became a 45 percent shareholder in a new short-term insurance company, Guardian Insurance Co, which engages in niche-type underwriting and specialist products. Price Forbes Group and its subsidiary, PFI London, recently concluded an important new transaction with the Nelson Hurst Group, a London insurance broker. In terms of the arrangement, PFI London, while retaining a full subsidiary, will in future work in partnership with Nelson Hurst in the London market.

In addition, Nelson Hurst UK, the UK retail insurance broker, at Nelson Hurst Group and Price Forbes Group, is forming a 50/50-owned company (to be named PFI Nelson Hurst) to focus on the corporate insurance broking market in the UK and Europe. Simultaneously, Price Forbes Group has acquired an option to buy up to 50 percent of the UK insurance broking company, Nelson Hurst UK.

Price Forbes Group employs 3,000 people in 24 offices situated in most of South Africa's principal towns and cities and is active abroad through its subsidiaries with foreign companies.

Our clients, which include more than 30 of the country's largest 100 stock exchange-listed companies, extend from industry and commerce through to the agricultural, mining and parastatal sectors and to the individual.

We're South Africa's largest insurance brokers, risk management consultants and employer of benefit consultants.

Group retained brokerage and fees amount to R400 million, which ranks us among the larger firms of our type in the world, excluding the mega Alphabet-Brokers.

Price Forbes is a South African company with South African shareholders. Our staff are 11 percent of the equity. No single shareholder has control - a factor which gives us operating independence.

Spira: How will the removal of sanctions benefit Price Forbes?

Heinemann: There won't be a magical overnight impact, but there will, obviously, be some useful opportunities for us. I see modest investment initially and a marked benefit in the sphere of exports.

We are already seeing that certain of our clients have suddenly clinched some good export orders. If our clients grow, we will grow and to that extent there will be a benefit to Price Forbes.

Additionally, we find we are now much more acceptable abroad than (formerly) and that is clearly advantageous. My attention was recently drawn to a list of 45 companies that were seriously considering investing in South Africa.

One of the ways in which they invest will be to acquire existing businesses, in which event there won't be any additional business for us. Others will do so via joint ventures or green field operations, in which event we shall have the potential to write additional business.

So the removal of sanctions could help us and, of course, the country as a whole. But we must make the most of the removal of sanctions; we must be more positive about it. South Africans must learn to view their country's outlook with more confidence. I have little time for those who feel that Africa is a dead-end continent.

Spira: Does that mean Price Forbes and other South African companies will be doing more business in Africa in the wake of the scrapping of sanctions?

Heinemann: Unquestionably. The removal of sanctions will

mean South Africa will become a member of the Organisation for African Unity, after which we'll be trading more openly with the continent to our north.

For the present, there's a measure of hesitancy about finally doing business with us.

For example, there's an organisation called the African Insurance Organisation, of which most of Africa's insurance companies and insurance brokers are members. South African companies were recently on the verge of being invited to become members. But it didn't happen because the AIO felt we should first become members of the OAU.

Once that hurdle is cleared, we'll do a lot more business in Africa. Price Forbes is already doing a fair amount of business in Africa, though at this stage it's still a minuscule portion of our total revenues. We're doing work for a university in Nairobi and we're working on prospective projects all the time.

Bear in mind that it makes a great deal of sense for Africa to use South Africa, since we're cost effective for Africa; it's very expensive to pay in dollars or sterling.

One of the problems is the fear that South Africa, whose insurance market is equivalent to 75 percent of the entire African market, will come to dominate the continent. We're just going to have to convince African countries that this is not our intention; that we have a great deal to offer. In the fields of insurance education and training alone, we have much that would benefit Africa.

Spira: Could the same apply to other parts of the world?

Heinemann: I detect increasing signs of interest from the Far East, where certain countries have a greater grasp of the sort of potential we have than some western countries. They identify more easily with our problems.

Spira: It has been suggested that the reason Price Forbes created an office in London was to lessen your dependence on South Africa. What was the motivation?

Heinemann: It was certainly not to get out of South Africa. We're totally committed to this country.

The motivation was to slowly internationalise our business; to give us a base in Europe.

Bear in mind that we've grown our business in South Africa - during a period of severe recession - at a time when similar businesses in Europe haven't been able to grow.

We're too big a group to be restricted to one country, so from a straight business point of view it's correct that we try to expand elsewhere in the world. We've made our initial effort in the UK and we'll continue to expand on a very selective basis into other parts of the world with the long-term objective of bringing those earnings back to South Africa.

I can say without fear of contradiction that our expertise is at least equal to that found anywhere in the world. Consequently, we can operate in a foreign environment and have the ability to compete globally.

Spira: A year ago you expressed the view that De Klerk and Mandela had the wisdom to start out South Africa's difficulties. Have your expectations been fulfilled?

Heinemann: Yes. There's been the odd disappointment, but generally speaking, they've done an outstanding job. South Africa still needs them to carry the country through the difficult period that lies ahead. I remain positive that they'll do what's expected of them.

The result won't pan out at 100 percent, but I think we'll achieve a highly satisfactory 90 percent. There's every sign of Mandela being prepared to compromise. He's in a strong position; he can afford to.

Spira: Do you share the generally-held view that South Africa's economic recession has bottomed out?

Heinemann: An economy that's bottomed out tends to bounce along the bottom for a while. You still get the impact of the recession hitting you well into the spring.

Nevertheless, the statistics indicate that the economy is showing definite signs of turning. I'm pleasantly surprised, since I would have thought it would only have turned next year. There are no dramatic changes, but certain solid indicators are evident.



Paul Heinemann

Heightened exports flowing from the expansion of sessions will also help the economy, particularly since we've been doing pretty well on the export front anyway - in difficult times, I might add. In short, I envisage a gradual improvement next year, though from a Price Forbes standpoint, we'll still need to run our business tightly - as we've been doing for many years.

Spira: How has Price Forbes coped with the recession?

Heinemann: We've enjoyed strong growth in our employee benefits business, where we've achieved 29 percent in the first five months of our current financial year. Health and medical aid has been struggling in the highly competitive market. Our short-term insurance broking and risk management consultancy continue to grow and remain a highly competent part of our business.

South Africa has had nearly five years of recession, during which time we've grown steadily. That's quite an achievement. We've continued to widen our range of services and grow our business book, and expand into the UK.

This doesn't necessarily mean that we're poised for rapid growth when the economy emerges from recession, since parts of our business are counter-cyclical. I'm cautious. We're certainly not going to be able to rest on our laurels.

Spira: What progress have you recorded on your affirmative action programme?

Heinemann: We've made solid progress over a fairly extended period by making sure that we have more and more competent black people.

We're also playing our role in the industry. The Insurance Institute of South Africa has started a programme, sponsored by the insurance industry, to train young black people in insurance.

The overriding problem is that too many companies are struggling to find people with enough skills to employ them. We're trying to short-circuit the process by looking at the problem from an industry point of view. Price Forbes had quite a lot to do with this initiative. We're conscious of what needs to be done and we'll continue that process.

Significantly, we hardly notice the affirmative action, but in fact it is happening all around us. I recently discovered that at our head office accounts department a very high percentage of the people there don't have white skins. One chap has a kumasi at his home in Soweto, so when the system happens to crash in the middle of the night, he doesn't have to drive all the way to the office.

We might be found wanting at top management level, but I don't think we can solve that by pushing buttons; it's an evolutionary process.

Interestingly, until recently we didn't have statistics on the colour of the people we were employing, simply because it made no difference to us. It was only when people started asking questions that we got the figures together.

While naturally trying to keep our head count as low as possible, our group staff members have still grown to the past five years by 637 people, so we've been a creator of jobs in South Africa, even with the growth in computerisation and technology.

PRICE FORBES GROUP
Price Forbes Group (Pty) Ltd
25 Sesser Street Ext., Johannesburg 2001
P.O. Box 31689, Marshalltown 2107
Tel: (011) 637-9111, Fax: (011) 836-1010

NEWS IN BRIEF

Air France faces a third state aid probe

THE European Commission yesterday opened an inquiry into a FF1.5bn (\$258.7m) capital injection granted to Air France, on the grounds that it might amount to illegal state aid, writes Andrew Hill. The French government announced in February that it was providing extra capital to the national carrier through a subscription of equity-linked debt from Caisse des Dépôts et Consignations, the state-controlled financial institution.

The Commission said in a statement yesterday that it had "doubts about the normal commercial character of the operation". It is the Commission's third inquiry in two years into alleged state subsidies at Air France. In November 1991, Brussels warned through a FF22bn capital injection and last July approved the FF1.25bn purchase of an 8.8 per cent stake in the company by Banque Nationale de Paris, the state-controlled bank.

French free Algerian exiles

France's judicial authorities yesterday released most of the 86 people rounded up by police on Tuesday but kept 13 for questioning, including two leaders of the Algerian Fraternity in France (FAF), believed to be a front organisation for the Algerian Islamic Front, Reuters reports from Paris.

The Interior Ministry said investigators found pro-FIS propaganda, false identity papers and large sums of money, but no weapons in the vast search-and-seizure operation. The government said the dragnet, a response to the abduction last month of three French consular officials in Algiers, aimed to prevent potential acts of violence on its soil. Some commentators said France was laying itself open to terrorist reprisals, both at home and in its former north African territory.

Italian bribes case warrants

Naples magistrates investigating bribes to the Italian pharmaceutical industry yesterday issued more than 10 arrest warrants for alleged payments made by drug companies to obtain favours, writes Robert Graham in Rome.

The payments were all made to Mr Duilio Poggolini, the senior health ministry official who controlled drug authorisations and distribution and who is at the centre of one of the biggest investigations in Italy's wave of corruption scandals. The latest payments allegedly uncovered came from companies that included the Alfa Wasserman, Glaxo and the Recordati group which is quoted at the Milan bourse.

Rome's voting change blocked

A controversial proposal to extend full voting rights and special parliamentary representation to Italians living outside Italy has failed to pass through the senate, writes Robert Graham in Rome.

The draft law required a two-thirds majority since it involved altering the constitution. But yesterday those in favour of the proposal only mustered 145 votes against the 163 votes necessary. The proposal will now be put on ice for three months, then it will be up to President Oscar Luigi Scalfaro to decide whether to call a national referendum on the issue.

Austria optimistic on EU

European Union membership on January 1 1995 for Austria, Finland, Norway and Sweden, is "an ambitious but feasible" target, provided all parties are fully committed to the negotiations, Mr Wolfgang Schüssel, Austria's economy minister, said in Vienna yesterday, writes Patrick Blum in Vienna.

This will require completing EU entry negotiations by March 1, to allow enough time for the European parliament to approve the four countries' membership before European elections due in June. For Austria, keeping to the timetable is especially important because the country must hold a referendum on membership in July at the latest. This is to avoid a clash with the general election scheduled in October.

Warning to Europe on digital revolution

By Andrew Adonis

EUROPE risks being left behind North America and the Asia Pacific region in the "communications revolution" because of poor foresight and co-ordination, according to the president of a leading data networking company.

Mr Eric Benhamou, president of BCI, based in California, said that "insufficient public awareness about Europe's plan for a superdigital highway" - an advanced, high-volume communications network for data, image and voice - was jeopardising its economic potential.

Delivering the London Business School's annual Governors' Lecture, sponsored by the FT, Mr Benhamou contrasted the poor profile of European projects with their high status in competing regions. "The US has NII, Canada has the Canarie project, Singapore has IT2000, Japan has its 2015 ISDN milestone, but there is no direct equivalent in Europe." Despite "exciting" networking projects, such as SuperJanet, to interconnect universities and research institutions, Europe lacked the strategic vision of the US and the Far East, he said.

THE FINANCIAL TIMES
Published by The Financial Times
(Europe) GmbH, Mittelweg 36, 20090 Frankfurt am Main, Germany.
Telephone ++49 69 156 350. Fax ++49 69 156 4481. Telex 416193. Registered at the District Court of Frankfurt.
Printed: DVM Druck-Vertrieb and Marketing GmbH, Admiral-Rosenthal-Strasse 34, 63353 Wiesbaden (owned by Hürthig International).
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, London SE1 9HT, UK. Shareholder of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HT. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75004 Paris Cedex 01. Telephone (01) 4257-6021, Fax (01) 4257-6029. Printer: S.A. Nord-Capital, 1521 Rue de Caen, F-93100 Rosny-sous-Bois. Editor: Richard Lambert. ISSN: ISSN 1142-7733. Commission Paritaire No 67806D.

DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 Copenhagen. Telephone 33 13 44 41, Fax 33 33 33 33.

A constitution for Yeltsin's time

Written for the president alone, its permanence is not guaranteed, writes John Lloyd

THE great powers of the president, connected with his duration in office, will lead to oppression and ruin, said the columnist "Cato" in the New York Journal in 1787, during the passionate debate over the US constitution.

The immediate reaction to the Russian constitution, widely published for the first time yesterday, has been much the same.

In both cases, the assertion of a new central power after the collapse of an old one has been seen as containing a potential for tyranny and for division.

But most commentators have followed the lead given on Tuesday by Mr Vitaly Tretyakov, the editor of the Nezavisimaya Gazeta, who said the constitution was fashioned for Mr Yeltsin alone and could thus not stand for future presidents.

Mr Alexander Tsipko, a leading candidate for the centrist Civic Union bloc, said yesterday that "what was needed after October was something which unites the country, but this merely divides it into those who are for and those who are against the president".

Mr Nikolai Travkin, head of the Democratic party, talked of a constitution which could not gain the trust of the people.

While Mr Gary Kasparov, the world chess champion, who is a candidate for the Russia's Choice group most closely associated with the president, dismissed the document as "clearly temporary".

The central problems for the drafters of the constitution were

● the legacy of the Soviet era in which all power was actually centred in the party but was titularly vested in the parliament;

● the recent tragic struggle between parliament and presidency following the blockade of political and economic reform; and

● the actions of the 89 republics and regions, which in the past two years have become increasingly assertive of their own rights and independence.

They have thus attempted to construct a document which gives the presidency powers that are superior to those of the parliament. Like the French constitution, which was its largest influence, it gives the president the right to form governments and dismiss parliaments, lays out a complex impeachment procedure and has indirect regional elections to the upper house.

However, the country lacks the French experience with a democratic system, and there is no guarantee that Mr Yeltsin

The Russian election commission last night disqualified eight of the 21 political groups which had sought to register for parliamentary elections on December 12, because they had failed to gather the required 100,000 signatures.

As all 21 claimed to have collected at least 100,000 signatures, it is presumed that a number of signatures were regarded as forgeries. The main victim is the Russian National Union, led by Mr Sergei Baburin, a former hardline nationalist deputy. He said 20,000 signatures had been stolen by thieves who wore police uniforms.

All other main blocs have been accepted, including the liberal Russian Unity and Yavlinsky blocs, the centrist Civic Union and the far-left Russian Communists.

small, and the two cities of Moscow and St Petersburg. For some of the republics - especially the self-declared independent republic of Chechnya, which will not hold elections on its territory and Tatarstan, which will not hold a referendum on the constitution - this disqualifies the rights they enjoyed in the Soviet era (even if these were mostly on paper).

In this sphere, much will depend on what powers are given to the subjects of the federation in the Federation Treaty - which has yet to be thrashed out.

Finally, the constant change of mind and last-minute additions to the constitution by the president and his team is a sharp reminder to the future deputies of how little they could do about the status of parliament before it existed. Originally planned for a four

year term, its first term will be only two years.

The deputies of the upper house (or Federation Council) will be elected for the first term, then will be selected by the regions in ways apparently left to their leaderships.

which leaves the first term deputies looking rather spare.

The very site of the new parliament has been proposed (though not yet decided) for the Academy of Administration on the outskirts of Moscow - hardly underscoring its prestige.

Mr Yeltsin, having promised he would stand for president in pre-term elections next June, will now serve his full term apparently irrespective of what the new parliament thinks.

The parliamentary democracies among the seven leading powers are the constitutional (and titular) monarchy in Britain, Canada with a British model, and Germany, Italy and Japan with parliamentary systems reconstructed after the last war to avoid a future dictator.

The presidential states are France and the US, both with revolutionary traditions from which their constitutions and their presidencies derive. Russia, it is clear, will join the latter group - but with no guarantee that this will be the final stab at a constitution.

IMF 'is missing its big chance'

By John Lloyd

THE International Monetary Fund has been accused of "missing the opportunity" to assist Russian reform.

Prof Jeffrey Sachs, an adviser to the Russian government and a long-time foe of IMF policy towards Russia, said in Moscow: "The IMF should now be negotiating with the Russians on a plan to go into effect at the beginning of next year to make the ruble convertible and to stabilise the economy. The time has never been better - but there are no preparations."

Professor Sachs, who has been close to Russian reform for the past two years, said that the political position had fundamentally altered since the banning of the Russian parliament. The reformists were now being backed by presidential decrees, and a reformist government was likely to follow next month's parliamentary elections.

"The IMF was told this year to speed \$13bn on Russian reform: it has so far spent \$1.5bn. Its mandate is to help reform. They must not let this chance slip away."

High expectations greet new PM

Poles look to new cabinet to deliver

By Christopher Bobinski in Warsaw

THE POLISH government yesterday conceded opposition politics to the status of a minority sport, after three stormy years of vulnerable cabinets.

Indeed, with 310 votes behind him in yesterday's vote of confidence - in a 460-seat chamber - Premier Waldemar Pawlak, the 34-year-old farmer and head of the Polish Peasant Party boasts a majority that many would envy.

The PSL, with its political base in the rural areas where well over one third of Poles live and work, and the post-communist Left Democratic Alliance (SLD) together won 35 per cent of the vote in elections on September 19. But a new election law, eliminating parties with less than 5 per cent of the vote, translated that into just under two-thirds of the seats, leaving the right-wing parties - representing over 20 per cent of the voters - unrepresented in parliament.

It is even possible that Mr Pawlak's cabinet could serve a full four-year term. If the opinion polls are to be believed, the Polish people are now looking to the future with a degree of optimism last recorded in the early days of the reforming Solidarity governments.

Mr Pawlak's wooden style, which so irritates the intelligentsia, appeals to many others, eager for a dose of "normality" after the changes of the past four years - which have felt more like an earthquake than a new dawn.

The new cabinet has also inherited a growing economy, with 4 per cent increases in GDP forecast for this and next year. Inflation promises to fall from this year's 32 per cent to around 21 per cent next year if the new government holds next year's budget deficit to the International Monetary Fund's recommended target of around 5 per cent of GDP.

It is here though that cracks

could emerge.

The rural voters who supported the PSL, and those in the recession-struck towns who backed the SLD, are looking for tangible, and rapid, economic improvements. Elements in both parties are willing to take risks with inflation.

Such moves, as Mr Marek Borowski, the SLD politician in charge of the economy, knows full well, would risk a worsening of relations with the IMF. That, in turn, could jeopardise a desperately needed 30 per cent cut in the country's \$30.6bn debt to western governments, due to be implemented next year. The fact that the World Bank remains Poland's largest source of capital - until a debt rescheduling agreement can be negotiated with western commercial banks owed \$12.3bn - also puts a premium on monetary stringency.

However, the SLD's trade union component, which makes up around a third of the parliamentary party, could provide the focus for a left-wing alternative to the party's free marketeers, such as Mr Borowski and Mr Wieslaw Kaczmarek, the new privatisation minister who promises to continue to whittle away at the state sector.

Similarly, in the PSL, ambitious politicians jealous of Mr Pawlak's meteoric rise promise to stress their party's demands for policies favouring farmers. The politicians at the top of the PSL and the SLD - including its leader, the politically talented Mr Alexander Kwasniewski, who has stayed out of the government - appear to have the sophistication to maintain a common front and prevent internal rivalries from undermining the new government. However, the social pressures the government faces will be difficult to contain, as Poles continue to yearn for the marked improvement in their standard of living that the overthrow of the communist regime in 1989 promised, but failed, to bring.

Meciar repairs coalition

By Patrick Blum in Vienna

A NEW coalition government has been formed in Slovakia between prime minister Vladimir Meciar's Movement for a Democratic Slovakia (HZDS) and the Slovak National Party (SNS) led by Mr Ladovit Cernek, a former economy minister.

The agreement fulfils months of wrangling between the two parties after their earlier coalition collapsed last spring. It will end a period of growing political uncertainty overshadowed by calls from the left wing opposition for early elections to resolve the crisis.

New ministers were sworn in yesterday by president

Michal Kovac, including Mr Jan Ducky, a former president of the Slovak Industry Confederation, as economy minister.

Mr Ducky worked in the industry ministry under the former regime, then became industry minister for nine months after the 1989 revolution that ended communist rule.

Mr Julius Toth, a close ally of Mr Meciar, remains as finance minister. Mr Meciar will retain control of the privatisation ministry.

The combined representation of the HZDS with 66 seats in the 150-seat parliament, and the SNS with 14 seats, will give the new coalition a clear majority. New policy changes are expected.



Meciar ended wrangle

Albanian ministers arrested in Macedonia crackdown

By Laura Silber in Belgrade

THE government of Macedonia yesterday arrested several ethnic Albanians, including two deputy ministers in the coalition government, on charges of preparing an armed rebellion.

Macedonian police yesterday renewed their clampdown on Gostivar and Tetovo, mostly ethnic Albanian towns.

The move could shatter the fragile ethnic co-existence between Albanians and Macedonians in the former Yugoslav republic, where Albanians comprise at least 20 per cent of the 2m population.

Mr Hesen Haskaj, the deputy

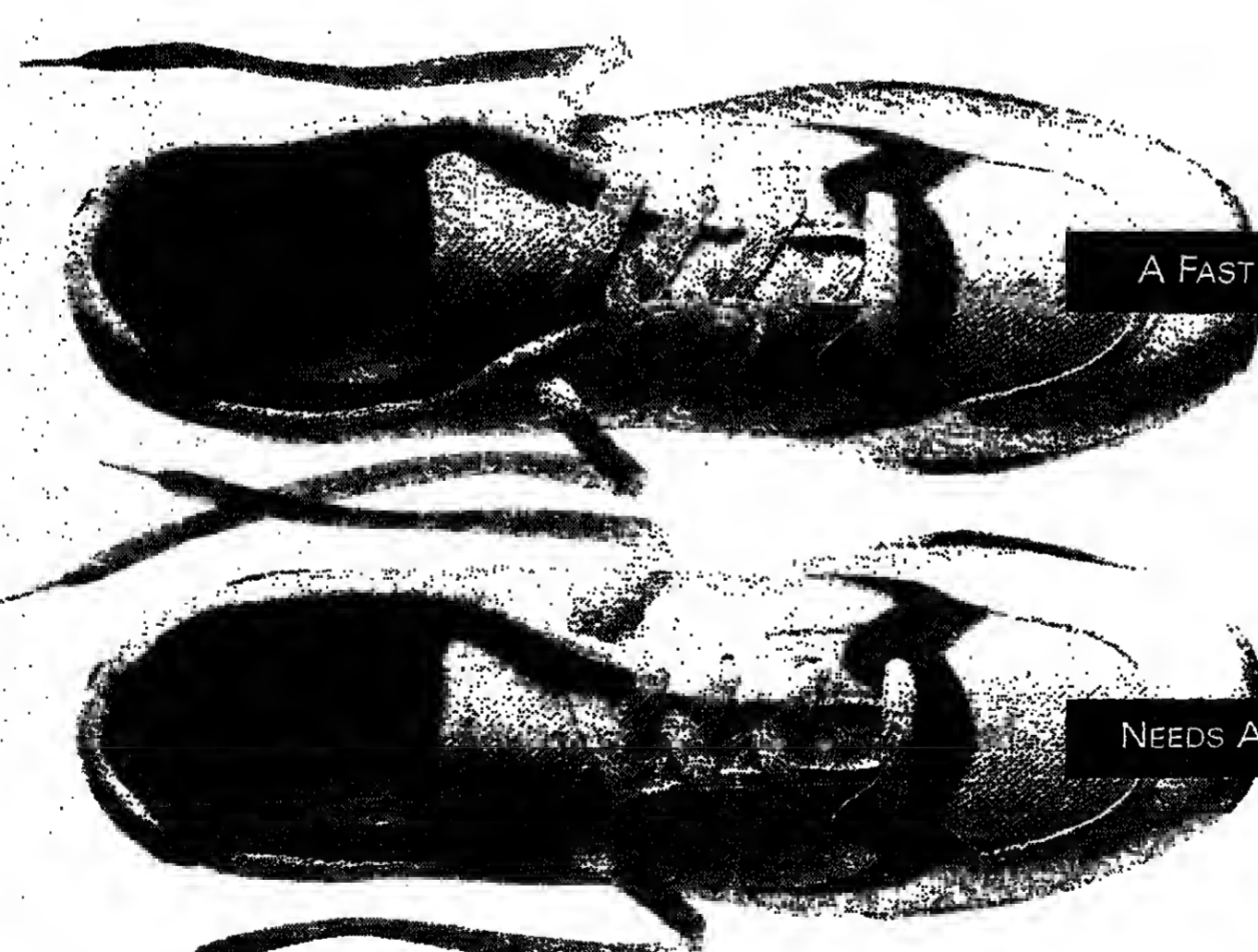
defence minister, and Mr Imer Imeri, the deputy health minister, were arrested and charged with organising a paramilitary unit and preparing an armed rebellion, said Macedonian radio.

The radio said 300 automatic rifles were discovered in a police raid, and claimed the rebellion had been planned by a political party with close ties with ethnic Albanians in the neighbouring province of Kosovo, southern Serbia.

Meanwhile in Sarajevo, three children were killed and about 15 were critically wounded in a mortar bomb attack in Sarajevo, the Bosnian capital.

Sarajevo radio said two adults were killed and 30 wounded by shelling in another mortar attack in the city besieged by Serbs since April 1992. The assault comes just one day after nine people, including four children and their teacher, were killed by mortar bombs.

Bosnian Croats and Muslims have asked Turkey to help end fierce fighting between their forces, the Turkish foreign ministry said yesterday. Reuters reports from Ankara. The ministry said Mr Hikmet Cetin, the foreign minister, was preparing to fly to Sarajevo.



A FAST MOVING BUSINESS

NEEDS A FAST MOVING BANK

To stay ahead of the competition, you need to move fast. You need a bank that can help you keep pace with the rapidly changing world.

For 128 years Hongkong Bank has been providing fast, reliable services in Asia and beyond.

We understand the importance of speed and

efficiency to the business community.

As a principal member of the HSBC Group, we offer the support of over 3,000 offices worldwide, including some 600 in Asia.

And Hexagon, our global electronic financial services system, gives you the convenience

of timely market information and access to your accounts - from your own office.

If you want someone who will run with you in Asia's fast-growing economies, talk to your nearest office of Hongkong Bank or Midland Bank, another member of the HSBC

Group. You'll find we're ready to make fast decisions - worldwide. After all, we know that the only way we'll succeed is by helping you to do the same.

Hongkong Bank
The Standard and Chartered Group Limited
Your Future Is Our Future

Consumer prices show 0.4% gain

By Michael Prowse
in Washington

THE UNDERLYING pace of US inflation remained moderate despite a 0.4 per cent gain in consumer prices last month.

The Labour Department, which reported the latest figures yesterday, said that the increase partly reflected a 1.9 per cent increase in energy costs after petrol taxes were raised by 4.5 cents a gallon on October 1.

The year-on-year rate of inflation rose to 2.8 per cent, against 2.7 per cent in September.

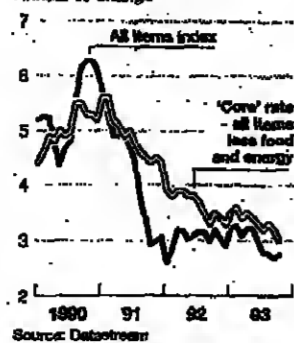
The relatively poor consumer price figures followed exceptionally good wholesale price figures earlier this week. The producer price index for finished goods declined 0.2 per cent last month.

Bond prices fell modestly as many traders had hoped that the drop in wholesale prices would be reflected in the consumer price data.

Taking the two sets of figures together, however, "inflation is stable to lower", said Mr William McDonough, president

US consumer prices

Annual % change



of the Federal Reserve Bank of New York.

Fed governors and regional presidents meet next week to discuss monetary policy. Most analysts expect the Fed to leave short-term interest rates, currently 3 per cent, unchanged for the next few months. But a tightening of policy is widely expected sometime next year.

Last month's consumer price increase was the largest since April. However, it followed a zero increase in September and

moderate gains during the summer. Apart from energy, the main upward pressures on the index came from food prices, up 0.6 per cent from September, and housing, healthcare and entertainment, which registered 0.5 per cent increases.

The core consumer price index, which excludes food and energy, rose by 0.3 per cent last month and by 3 per cent in the year to October.

The annual increase in core prices was the lowest for two decades.

In recent weeks, signs of an acceleration of economic growth in the second half of the year have dented confidence in bond markets.

Investors worry that faster growth will put upward pressure on inflation, forcing the Fed to raise interest rates, which would cause bond prices to fall.

Most forecasters, however, say that there is enough slack in the economy to prevent inflation rising much above its current rate of about 3 per cent. Some predict a further slightly decline in inflation.

US steps up the pressure on North Korea

By Lisa Branstetter
in Washington

THE US is losing patience with North Korea's resistance to international inspection of its nuclear facilities, a senior State Department official said yesterday.

Ms Lynn Davis, under-secretary of state for international security affairs, told a House of Representatives committee the US was prepared to ask the United Nations Security Council to impose sanctions on North Korea if it continued to resist full inspection by the International Atomic Energy Association.

"Our patience is running out, and the North Koreans need to know that it is our next step," Ms Davis told the Foreign Affairs Committee. She did not, however, set any specific deadline by which the US would request sanctions.

Sanctions, however, are an extremely sensitive issue because many fear that North Korea might be more likely to attack neighbouring South Korea or other nations if driven into a corner.



A US military policeman scans the Demilitarised Zone between North and South Korea.

North Korean officials have said they would consider the imposition of sanctions an aggressive act.

Last week, Japan and South Korea warned Mr Les Aspin, US defence secretary, against seeking UN sanctions out of fear that North Korea might undertake a terrorist campaign.

Mr Aspin spent two days in South Korea discussing the northern threat with President Kim Young-sam. The US

has 35,000 troops there.

President Bill Clinton said on Sunday that North Korea "cannot be allowed to build a nuclear bomb", but did not discuss specific actions the US might undertake.

Ms Davis told the committee that in the past North Korea "could have produced weapons grade material sufficient to produce one or two nuclear weapons," but added she was confident that Pyongyang was

not making atomic bombs now.

Preventing North Korea from producing nuclear weapons was among the most important of the administration's goals, Ms Davis said.

She was hopeful China would not veto a Security Council request for sanctions. "They share our goals and we hope that they would work with us on the Security Council. The US is willing to pursue non-proliferation goals rigor-

ously even when they may cause friction."

In addition to fears about nuclear weapon development, the US is concerned about possession of conventional arms. Ms Davis grouped North Korea along with Iran, Iraq and Libya as nations of particular concern. She said that North Korea could become one of the countries to be monitored closely by a new international safeguard organisation.

Canada prepares for record budget deficit

By Bernard Simon in Toronto

CANADA'S new Liberal government is preparing the ground for bad news on the federal budget deficit. Officials are suggesting the shortfall could reach a record C\$40bn (£20.5bn) in the fiscal year ending March 31, 1994, compared to the C\$32.6bn deficit predicted last April by the previous Conservative government.

Estimates of last year's deficit are expected to be revised upwards to well above the projected C\$35.5bn.

Analysts predict that revisions of the federal deficit will be followed by announcements from several of the 10 provinces that they too will fail to meet budget forecasts.

The provinces, some of which are heavy borrowers on international capital markets, have been under pressure to trim deficits. Credit-rating agencies have warned failure to do so may result in downgrading of creditworthiness and rising borrowing costs.

Higher deficits, coupled with a narrowing gap between US and Canadian interest rates and nervousness on the future of the North American Free Trade Agreement, have pushed the Canadian dollar down sharply over the past two days.

The currency was trading at 76.47 US cents yesterday morning, compared to more than 77 cents on Monday.

The Bank of Canada's efforts to bring down interest rates

are expected to keep a lid on the dollar in coming weeks. The gap between the yield on 10-year US and Canadian government bonds shrunk yesterday to about 1.1 percentage points, compared to 1.4 points before Canada's general election on October 25. Canadian banks earlier this week lowered their prime lending rate to 5.5 per cent, the lowest in 31 years.

Federal and provincial budget projections have been thrown off course largely by sluggish tax revenues, rather than runaway spending. The revenue shortfalls are ascribed partly to slow economic growth. But there is also growing evidence of an expanding black economy.

President Kim Young-sam believes his talks in Washington could be decisive

South Korea urges haste on nuclear issue

By John Burton in Seoul

THE NORTH Korean nuclear issue was "entering a critical phase" and must be resolved soon, South Korea's President Kim Young-sam said yesterday.

His meeting with President Bill Clinton in Washington on November 23 could prove "the decisive discussion on the issue," he added.

President Kim plans to meet China's President Jiang Zemin during the Asia-Pacific Economic Co-operation conference in Seattle on November 19. China has indicated it may

block a possible attempt by the UN Security Council to impose economic sanctions on North Korea if it does not accept international nuclear inspections soon.

A national security meeting headed by Mr Kim yesterday saw no sign of military provocation by North Korea. "There is some military movement in North Korea, but not of the type associated with an offensive undertaking," he explained.

The US Defence Department refuted reports of a sudden build-up of North Korean

forces on the South Korean border. A senior US defence official was quoted at the weekend as suggesting North Korea might be preparing to attack South Korea soon, out of economic desperation.

"There was no mention that the department felt an attack by the North Koreans was imminent. That was never said and never even implied," a spokesman said in clarifying the official's remarks.

"There has been a build-up of North Korean conventional forces near the border area along the demilitarised zone

gradually over the past 10 years. The senior official described some things worrying the department. One of them is the North Korean economy, second, the trend to the build-up of conventional forces along the border."

Officials in Seoul expressed cautious optimism that a diplomatic solution to the impasse over the international inspection of North Korea's nuclear facilities could still be reached.

"They said one sign was a meeting on Tuesday between US and North Korean officials in New York, called at the

request of Pyongyang. No progress was reported, but it indicated North Korea was unwilling to abandon negotiations with Washington in seeking a solution to nuclear inspections.

Some South Korean officials believe North Korea is engaged in brinkmanship complicated by disagreements within the Pyongyang government over the future course of talks. But Mr Kim expressed frustration that North Korea "counteracts with an irrelevant issue" whenever Seoul and Washington want nuclear inspections resumed.

Congress succumbs to a fever of legislation against crime

By George Graham in Washington

THE US Congress is working itself up into an anti-crime frenzy in which an array of bills proposing tougher gun controls, tougher sentences and tougher measures against immigrants could sweep into law.

The Senate has already voted to ban the sale of handguns to anyone under the age of 18; to expand federal prosecutors' powers to pursue gang crime; to make carrying a federal crime; and to impose the death penalty on a long list of federal crimes. It was near to outlaw-

ing the manufacture and sale of assault weapons, whose import is already banned.

The House of Representatives, meanwhile, passed a number of crime measures last week and was due last night to vote on the Brady Bill, legislation named after the former White House press secretary severely injured in an assassination attempt on President Ronald Reagan. This would order a five-day waiting period for anyone buying a handgun.

Senator Joseph Biden, the chairman of the Senate Judiciary committee, sneered that the only restraint which his colleagues had shown was in

not proposing the death penalty for jay-walking.

Congress's efforts to prove it is taking action against crime usually provoke cynicism among prosecutors and police chiefs around the country. Most violent crime falls under state and city jurisdiction.

The expansion of the death penalty to such federal offences as wrecking a train or fatal violence against maritime platforms is viewed by most law enforcement officials as purely symbolic, and, in any case, ineffective against the street crime that most worries US voters.

The federal government has

not executed a prisoner for 30 years. Texas yesterday carried out its 18th execution this year.

"I know of no law-enforcement professional who believes that all the death penalty provisions and new federal crimes would affect public safety in the slightest," wrote Mr Robert Morgenthau, the long-serving New York district attorney, in an article in yesterday's New York Times.

"Proposals to put more police officers on the beat nationwide and to construct new high-security prisons are sound. Little else deserves support."

BRAMALEA LIMITED
CONVERSION NOTICE

TO: HOLDERS OF BRAMALEA LIMITED SERIES I 1998 CONVERTIBLE DEBENTURES

NOTICE IS HEREBY GIVEN that Bramalea Limited (the "Company") intends to convert the outstanding 70% Amount of the Series I 1998 Convertible Debentures into common shares of the Company in accordance with the terms of the Tenth Supplemental Indenture dated March 22, 1993, between the Company and the Trustee. Such conversion will occur on November 15, 1993.

In order to reflect the conversion of the 70% Amount of the Series I 1998 Convertible Debentures (the "bearer Debentures") (i) holders of bearer Debentures who hold their bearer Debentures must surrender the certificate(s) representing their bearer Debentures to the office of the principal paying agent set out below and sign and complete a letter of transmittal and (ii) holders of bearer Debentures whose bearer Debentures are held through Euroclear or CedeI, as the case may be, must forward their instructions to Euroclear or CedeI, as the case may be. Copies of the letter of transmittal are available at the offices of the Trustee, or the principal paying agent set forth below. The method of delivery of the letter of transmittal and certificate(s) representing bearer Debentures is at the option and risk of the Debentureholder.

Upon receipt by the principal paying agent of a duly completed letter of transmittal (or other instructions acceptable to the Trustee) and the certificate(s) representing the bearer Debentures, the Corporation will forward or cause the Trustee to forward to each Debentureholder, or to Euroclear or CedeI, as the case may be, as soon as practical, certificate(s) representing the appropriate number of common shares of the Corporation including the Debentureholder's pro rata portion of an additional 50.75 million common shares of the Corporation, together with the bearer Debenture certificate(s) endorsed to indicate conversion of the 70% Amount. If the Debentureholders elect to convert the entire 30% Amount of the bearer Debentures, the Corporation will forward or will cause the Trustee to forward, in accordance with the instructions of the Debentureholder, certificate(s) representing the appropriate number of common shares of the Corporation relating to the conversion of the 30% Amount.

Further details of the conversion process are available from the Trustee at any of its branches set forth below.

DATED at Toronto, Ontario, Canada this 11th day of November, 1993

BRAMALEA LIMITED
Marvin G. Marshall
President & Chief Executive Officer
Frank J. Graham
Senior Executive Vice President & Chief Financial Officer

OFFICES OF MONTREAL TRUST COMPANY OF CANADA

Montreal Trust Centre 510 Burrard Street Vancouver, BC V6C 2B9 (604) 661-9400	411-8th Avenue S.W. Calgary, Alberta T2P 1E7 (403) 267-6800	The Eaton Centre 1101 - 10200 - 102 Avenue Edmonton, Alberta T5J 4B7 (403) 422-8181
15 King Street 9th Floor Toronto Ontario M5H 1B4 (416) 860-5657	Place Montreal Trust 1800 McGill College Avenue MSH 1B4 Montreal, Quebec H3A 3K9 (514) 982-7000	

EUROCLEAR AND CEDEL OFFICES

EUROCLEAR OPERATIONS CENTRE #4 Rue DeLeRegence B1000 Brussels Belgium (322) 224-2545	OFFICE OF PRINCIPAL PAYING AGENT Royal Bank of Canada Europe Limited 71 Queen Victoria Street London EC4V 4DE England (71) 489-1188	CEDEL S.A. 67 Bd. Grande-Duchesse Duchesse Charlotte L-1010 Luxembourg (352) 44 99 25 22
---	--	---

Heady cocktail in NY

By Antony Thomcroft

AN early abstract expressionist work, "Year after Year," painted in 1947 by Arshile Gorky, sold for \$3.85m (£2.8m) at Christie's in New York on Tuesday night.

The price paid by a private American collector for this colourful, optimistic, cocktail of greens, reds and oranges was not only a record for the artist but set the seal on Christie's most successful auction of contemporary art for years.

"This was the most heady sale since the late 1980s," said Mr Christopher Burge, Christie's US president.

"The excitement in the room signalled a return of confidence to the market, with people keen to buy works of art again, whether expensive or reasonably priced," he said. "We noticed a number of new buyers."

The auction brought in \$15.3m (£10.8m) and was 85 per cent sold by value, a high success rate for a contemporary art sale. A fire at Gorky's studio destroyed much of his output, and important works rarely come on to the market.

Another highlight was the price of \$1.7m paid for a study by Francis Bacon of his fellow-artist Lucien Freud. It fetched almost double its estimate.



"These days running your own company pension scheme is costly and time consuming. It is fast becoming a 'no go' area for all but the brave or the foolhardy. Is there a better way?"

By entrusting your pension scheme's administration to Hadrian-Solway, you will soon notice the difference. Management and staff time will be released and costs reduced. Just as important, our streamlined services will meet your particular requirements. Exactly what you would expect from the first pensions administration company independently certified under BS5750, the hallmark of quality.

And if your needs are trustworthiness, investment accounting and monitoring or specialised pension services, Hadrian-Solway has the expertise to fit.

To find out more about Hadrian-Solway, call Nicholas Wheeler on 0252-519254, or complete and return the coupon below. You won't regret it.

HADRIAN-SOLWAY
The Pension Administration Professionals

HADRIAN-SOLWAY LIMITED
Hadrian House, 51-53 Waterloo Road, Portsmouth, Hampshire PO1 2JA 79A

Please send me more details about Hadrian-Solway and its services.

Name _____

Job Title _____

Company _____

Address _____

Postcode _____ Tel: _____

OFFICIALS

Gore scores but game is still in doubt

George Graham and Nancy Dunne on the TV clash with Perot over Nafta

PUNDITS and pollsters alike declared Vice-President Al Gore the clear winner in Tuesday night's televised debate with Mr Ross Perot about the North American Free Trade Agreement.

Unlike an election debate, however, this confrontation could have little influence on the outcome of the vote in Congress, which remains uncommitted either for or against Nafta. The debate's impact on ordinary viewers - a pool already diminished because the debate reached only homes with cable television - will be felt only indirectly in the crucial vote in the House of Representatives next Wednesday.

Mr Gore may have attained a number of his objectives. The forum gave him the opportunity to present the case for the treaty to a sceptical public, made fearful by the slow recovery and corporate cutbacks. The vice-president underlined the foreign and trade policy initiatives at stake and the danger that the administration might be unable to overcome a Nafta defeat to complete the Uruguay Round of global trade talks.

However, he also presented a somewhat negative case for the agreement: he repeatedly noted that the US could withdraw with only six months' notice if the pact did not work, and warned that "the Gatt round would probably not be completed if Nafta were defeated".

While the vice-president did not manage to provoke Mr Perot into any stunning displays of paranoia, by constant needling he succeeded in making his opponent appear nasty and thin-skinned. (Only on Sunday Mr Perot told a rally that he had been warned by the FBI of a plot against his life by six armed Cubans.)

The perception that Mr Perot may



Vice-President Al Gore (left) makes a point during his televised debate with Mr Ross Perot on the North American Free Trade Agreement, an encounter from which Mr Gore is generally held to have emerged the winner

be more of a drawback than an advantage to the Nafta opposition appears to be shared by several leading opponents of the treaty, both inside and outside the Congress. The tone of Mr Perot's arguments was so unremittingly negative and defensive that he actually served up an excuse for any congressman still in search of a reason to vote in favour in next week's Nafta debate.

The administration's calculated gamble, that identifying the anti-Nafta camp closely with Mr Perot would work in favour of the agree-

ment, appears to have paid off, at least to some modest degree.

It still needs a political miracle to get Nafta through the House of Representatives. The hope was that the debate would create a momentum towards passage of the treaty that the administration has been unable to achieve after weeks of deal-making.

Indeed, in its wake, one congressman, Mr Jim Bacchus of Florida, announced his support, but he had been leaning towards a yes vote and the administration has to secure 25-35 more.

It was useful to the pro-Nafta side that an hour after the debate was over Mr Gore was quickly declared the winner in an ABC telephone poll by 47 per cent of viewers compared with 33 per cent for Mr Perot. But the real gains come in the televised soundbites - like the one in which Mr Perot calls the vice-president a liar - and follow-up reporting.

Mr Al Hunt, former Wall Street Journal bureau chief, yesterday accused Mr Perot of lying when he claimed to have never hired lobbyists. Mr Hunt said Mr Perot had secretly

lobbied the Ways and Means committee and had "snuck through" a \$15m tax break for himself "in the middle of the night".

It was one more attack on Mr Perot's credibility, begun when the vice-president pointed out that the Texan had supported Nafta before running for president. Mr Gore held up a brochure featuring Mr Perot's picture and extolling the benefits to be derived from Latin American trade for the Perot family Alliance airport project in Fort Worth, Texas.

Mr Perot scored a number of debating points with his visual aids. One featured a modern US company factory in Mexico surrounded by slums which have sprung up for the workers. Mr Gore could have made the point more effectively that, without Nafta, working and environmental conditions will just worsen.

Ironically, Mr Perot often sounded as though he were more interested in protecting the living standards of Mexican workers than those of their US counterparts, and argued, with apparent seriousness, for a "social tariff" to force the Mexican government and elites to raise wages.

The sheer fact that the debate took place reflects the administration's need to play catch-up in a race that is almost won by Nafta's opponents. The best opportunity for winning support for the agreement was during the negotiations on the side accords on environment and labour. But those accords were not strong enough to win over influential members like Congressman Richard Gephardt, the majority leader. Instead, the administration is caught up in a nerve-wrecking last minute efforts which seem only Sisyphean.

No such thing as free trade, Page 13

Japan offers to cut duties on imports

By William Dawkins in Tokyo

JAPAN has told the European Union it is prepared to remove import duties in three industrial sectors to encourage progress in the deadlocked talks on world trade liberalisation.

The offer comes in a letter from Mr Tsutomu Hata, foreign minister, to Sir Leon Brittan, the EU's chief trade negotiator, due to visit Tokyo on Sunday and Monday to discuss the Uruguay round of Gatt talks, the agreement deadline for which is just a month away, December 15.

Japan would be prepared to lift tariffs on electronics, scientific equipment and pulp and paper, and calls on the EU to do the same. Mr Hata's letter says Japan has already offered to reduce import duties on industrial goods by an average 60 per cent, as against the 33 per cent offered by the EU and the US's 37 per cent, he says.

The letter is a sign of Japan's

eagerness to take the initiative in pushing for a Gatt deal, at a time when the US government's attention is diverted from the world trade talks by the forthcoming Congress vote on the North American Free Trade Agreement.

Japan will also seek a joint initiative to encourage progress in Gatt from the 15 members of the Asia-Pacific Economic Co-operation forum, meeting in Seattle next week, a senior foreign ministry official said.

The letter voices concern over the continuing dispute between the US and the EU on agricultural subsidies, though it does not mention Japan's much-criticised ban on rice imports, seen as another important barrier to a Gatt deal. It calls for an urgent review of EU barriers to trade in financial services.

Japan would lift its rice ban at the same time as the US and EU solved their agricultural row, the official added.

Sutherland in Gatt deal game-plan

By Frances Williams in Geneva

MR PETER Sutherland, director-general of the General Agreement on Tariffs and Trade, yesterday set out his game-plan for completing the Uruguay Round of global trade talks by the agreed deadline of December 15.

He told a meeting of the Overseer Trade Negotiations Committee that "all negotiations on substance" would have to be concluded by that date, which marks the expiry of US negotiating authority.

Mr Sutherland rebuked negotiators for wasting time "on arcane technical points of doubtful importance" and warned against the temptation

to leave important concessions until the last possible moment. He said yesterday the TNC would meet at least once a week under his chairmanship to steer the talks. He will chair "very frequent informal open-ended meetings" of top negotiators to tackle outstanding issues and blockages.

He urged greater efforts to achieve "substantial results" by November 15. Final country schedules setting out market-opening measures for services are due by November 25.

Mr Sutherland said revised texts on creation of a Multilateral Trade Organisation and improved dispute settlement procedures would be ready by next Monday.

Healthcare reforms constrain sales of medicines

By Paul Abrahams

HEALTHCARE reforms and changes in the customer base have constrained the drugs markets in both the US and the European Union this year.

Sales in pharmacies in the seven largest European markets fell from \$33.7bn to \$30.2bn in the first eight months, but were affected adversely by currency depreciation. Excluding exchange rates, there was a 1 per cent increase, according to figures compiled by IMS International.

the specialist research-based company.

The European market was held back by the effects of healthcare reform in Germany and Italy. Sales in Germany fell from \$9.6bn to \$8.2bn, a drop of 10 per cent at constant exchange rates.

The Italian market fell from \$7.4bn to \$6.6bn, a drop of 3 per cent excluding currencies. Sales in the UK also fell, from \$3.6bn to \$3.3bn, but increased at constant rates by 11 per cent. Those in Spain also fell, from \$3.3bn to \$3bn, but rose 12

per cent excluding currencies.

The Spanish market could slow in coming months, following the introduction of measures to control drugs spending.

The French market continued to grow, up from \$7.7bn to \$7.9bn or 7 per cent at constant rates. The Dutch market was up 13 per cent, from \$9.7bn to \$11bn, while sales in Belgium were static in dollar terms at \$1bn, but increased 6 per cent excluding currencies.

The US market increased 4 per cent from \$27.8bn to \$28.8bn. Compared with 19 per

cent in 1991, growth is anemic. Sales have been hit by patent expiries and increasing use of generic products, as well as greater discounting to bulk-buyers of medicines which are becoming increasingly aggressive.

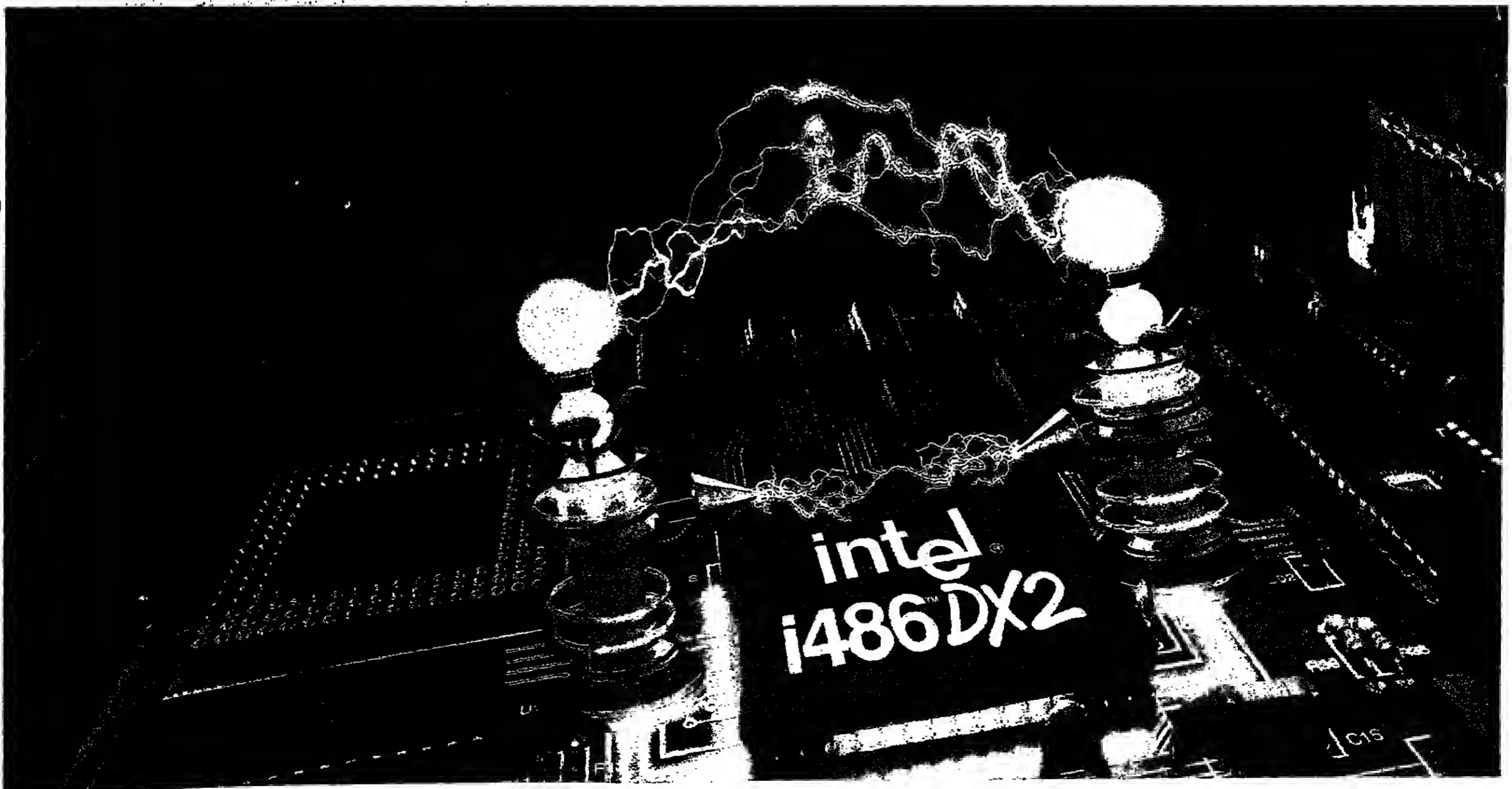
The Japanese hospital market increased 13 per cent at constant rates, up from \$8.9bn to \$10.2bn. However, the market is likely to be hit next year when the health ministry is expected to implement one of its biennial prices cuts - expected to be about 7 per cent.

WORLD PHARMACY DRUG PURCHASES JANUARY-AUGUST 1993 (\$bn)*

	Europe	US	Japan
Cardiovascular	6.759	4.896	1.981
Alimentary/metabolism	5.128	4.572	2.440
Anti-infectives	3.331	4.772	853
Central nervous system	2.784	2.703	1.761
Respiratory	2.869	2.942	1.055
Musculo-skeletal	1.848	1.459	1.242
Blood/organs	1.476	1.168	954
Others	8.233	6.476	2.767
TOTAL	30.228	28.806	12.853
Increase %**	1	4	13

*Hospital market only. **Excluding currencies.

Source: IMS International



The affordable power source in your PC to run today's software.



Today's user-friendly software demands a lot of power. Power that Intel's i486 DX2 microprocessor can provide.

Whereas other systems slow down running multiple windows applications, the

Intel i486 DX2 is able to cope with ease. By using Intel's latest speed doubling technology.

Of course, it guarantees compatibility, as all of today's most popular software is designed to run on Intel microprocessors. It also generates enough power to cope with the next

generation of demanding software.

Performance, compatibility and room for the future - three powerful reasons to buy a PC with an Intel i486 DX2 inside.

For more information, simply post the coupon.

To: Intel Corporation, Customer Support Centre, Pipers Way, Swindon, Wilts, SN3 1RJ. Please send me further information on Intel i486 DX2 processors.

Name _____
Company _____
Address _____
Postcode _____
Country _____



US and UK join forces to fight fraud

By Stephen Fidler,
Latin America Editor

THE US and British governments signed an unprecedented agreement yesterday establishing a joint US-UK team of police officers to investigate fraud and financial crime in Britain's five dependent territories in the Caribbean.

The accord to establish the joint investigation unit, to be based in Miami, follows growing US concern over the use of

Anguilla, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands as a base for financial fraud against Americans.

Under yesterday's memorandum of understanding, signed in Washington, two detective inspectors from the Metropolitan Police will join Federal Bureau of Investigation agents in Miami. It will operate initially for a two-year period. The team will largely be involved in intelligence and

evidence gathering in cases of white collar crime.

They will begin work on about 50 outstanding cases of white-collar crime. These usually involve victims in the US. In most cases if prosecution is obtained it is likely to take place in the US.

One example of the type of cases involved would be where worthless shares were used as the basis for launching an insurance company in the US, where they could insure up to

four times the value of their declared assets.

The territories are depending on the growth of the financial services sector as an important part of their economic development. According to British foreign office officials, the agreement has been welcomed in the territories because they see that their financial sectors are attracting criminals would risk driving away good business.

Mr Mark Lennox-Boyd, parliamentary under-secretary of state at the foreign office, said

the aim of the agreement was threefold: to catch existing criminals, to dissuade others from using the territories as a base for fraud and to develop local expertise in tackling white-collar crime.

This will be the first time US officials have been given law enforcement rights in the dependent territories, although there is already co-operation and information sharing between police forces there and the US on drugs trafficking and money laundering.

UK cools hopes of European roads expansion

By Charles Batchelor,
Transport Correspondent

THE DEPARTMENT of Transport yesterday sought to play down suggestions that an ambitious pan-European road network recently agreed by the European Union would lead to large-scale spending on new roads in the UK.

Mr Robert Key, roads minister, said there was no financial commitment on the part of the British government to fund improvements to the road network as part of the Trans-European Road Network. He was speaking at the conference of the Permanent International Association of Roads Congresses, in Brighton.

The EC Council of Ministers last month approved the designation of a 50,000-kilometre road network in Europe of which nearly one-quarter would require new building or improvement. A total of 200 sections of road, involving spending of Ecu120bn, have been identified in the plan, Mr Alfonso Gonzalez Finat, EU head of transport infrastructure, said.

The road network plan does not involve a financial commitment from governments but is intended to encourage them to back a pan-European network. The EU will provide funds through the European Investment Bank and other organisations, he said.

The announcement of the road network has created considerable interest among local authorities in the UK. But the Department of Transport is keen to play down expectations of higher spending. The UK already contributes more to EU transport funds than it gets back, the conference was told.

The UK is unwilling to provide guarantees for private spending on projects so increased lending by the European Investment Bank would necessarily lead to more EIB money being spent in the UK, said Mr Henry Derwent, highways policy director at the department.

He also warned against assuming that the European road network would automatically lead to the harmonisation of road signs. The UK is in favour of the European road network but can only agree to take it into account when deciding its road-building priorities, Mr Derwent added.

Leyland Daf workers win £10m compensation deal

By Richard Donkin

SACKED workers at Leyland Daf, the former Anglo-Dutch truck maker, won compensation yesterday when an Industrial Tribunal censured receivers of the company for ignoring employment laws.

Unions were claiming a "famous victory" for the 2,400 workers who were made redundant unlawfully because neither their employers nor the receivers who took over in February gave them the statutory 90 days notice.

The Tribunal issued a strongly worded verdict which criticised the receivers from Arthur Andersen. It said: "It is very surprising that the administrative receivers of eminence involved in this case should fail to meet their statutory obligations so repeatedly and so lamentably as they have done here."

The receivers argued yesterday that at the time that they moved into the company they were fighting to keep the business alive and there had been no alternative but to issue large scale redundancy notices.

Receiver Mr Murdoch McKillop said: "We had to use what limited funds that were available to save what was left of the company. The alternative was complete closure." The Leyland Daf case mirrored a successful claim by 700 former workers of Swan Hunter shipyard who were awarded £1.5m compensation in September.

Mr John Allen, the AEU's chief negotiator at Leyland Daf, said the union had established an important principle. "Companies and receivers will in future have to obey the law or face the consequences."



Mr Kenneth Clarke, chancellor of the exchequer, pictured in Downing Street, as figures showed that the recovery was still patchy across Britain ahead of the November 30 Budget. Details Pg 8

Exchange appoints new CEO

By Robert Peston

THE LONDON Stock Exchange will announce today that it is appointing Mr Michael Lawrence, the finance director of the Prudential Corporation, the UK's biggest insurer, as its new chief executive.

His appointment ends an eight month search, following the dramatic resignation in March of Mr Peter Rawlings, who took responsibility for the collapse of the Stock Exchange's Taurus project to reform its share settlement system.

It is one of the most important City of London appointments for many years. It comes at a time of widespread debate about the Exchange's future.

Following the humiliating collapse of Taurus many City practitioners believe that it should withdraw from settlement services altogether.

They believe that the Exchange should not be the ultimate owner of the Crest system which is planned to succeed the current arrangements.

It had been widely rumoured that another leading contender for the job was Ms Jane Barker, the Exchange's highly regarded finance director.

However it is understood she never allowed her name to be considered and may leave the Exchange for reasons unconnected with the appointment of the new chief executive.

Overseas claimants face curbs

By James Birt

MR PETER LILLEY, the Social Security Secretary, has called for an investigation into how overseas visitors to Britain can be restricted from making claims for state benefit.

Mr Lilley has requested the Social Security Advisory Council (SSAC), a government advisory body, to consider draft legislation which would preclude persons from abroad from receiving housing benefit or council tax benefit if they were not permitted to on entering the UK.

Social security officials say that, at the moment, foreign visitors can change their residential status in the UK to qualify for new benefits. They say that the SSAC has been asked to look into ways to prevent this.

In recent months, ministers have claimed that "foreign scroungers" have made considerable claims on the social security budget. From next spring, housing benefit will no longer be available to foreign claimants. The government also plans to impose a residency qualification on EC nationals who claim benefits in the UK.

In a speech to the Tory party conference last month, Mr Lilley highlighted the issue. "We have all too many home-grown scroungers," he said, "but it's beyond the pale when foreigners come here expecting our handouts."

Manchester ready for new games bid

By Ian Hamilton Fazey

MANCHESTER yesterday took the first steps towards bidding for the 2002 Commonwealth Games. Staging them would ensure a national stadium was built in the city and would be the springboard for another attempt to host the Olympic Games, this time in 2004.

Organisers of the failed bid for the 2000 Olympics have started urgent talks with potential private sector backers and sporting interests. If a consortium can be formed, the Commonwealth Games Federation for England will be asked to make Manchester its candidate in February.

The final choice from all candidates world-wide will be in two years' time. Manchester city council said that although

many recent Commonwealth Games had lost money, media rights would be more attractive after South Africa's re-admission to the games. The continuing emergence of competitive countries such as Malaysia and Kenya were also factors in making the games more attractive to TV companies.

The Commonwealth Games will also be seen as one means of celebrating the Queen's golden jubilee: she ascended the throne in 1952.

A site for the stadium has been cleared and there is strong support to build one anyway - seating 60,000 people. This would be big enough for the Commonwealth Games but the design would be expandable to 80,000 seats if the city were to bid again for the Olympics.



Europe's culture is forever. Europe's culture is for now. All around the Eiffel Tower, the Coliseum, St Paul's Cathedral, surrounding every landmark of European culture, there is a buzz. The sound of new ideas - music, theatre, film, art, clothes and travel. The exuberant expression of youth and the more reflective voice of Europe's older generations. It is everywhere and you can find it in the Elin section of Europe's newspaper. Every week we review, discuss and inform - our listings section is comprehensive. Elin is an invitation to celebrate Europe's vibrant culture. Jump at it! Europe is changing. Are you standing still?

THE EUROPEAN
THE WEEKLY NEWSPAPER FOR EUROPE

NEWS: UK

AT&T favoured over BT, survey shows

By Andrew Adams

CORPORATE customers of British Telecommunications believe that AT&T, the US telecommunications giant, would provide a better all-round service than BT if allowed to compete in the UK, according to an industry survey to be published today.

The Telecommunications Users Association, which represents more than 1,000 users across the public and private sectors, said the 1,000

respondents believed AT&T had the "strongest set of credentials" to compete in the UK, and was rated above BT on three out of five performance indicators.

The survey is a significant boost to AT&T in its attempt to gain a licence to compete with BT in the UK. Its application is being considered by the government.

Although user perceptions of AT&T depend to some extent on reputation alone, the association stresses that a large proportion of

respondents has already dealt with the US operator, either through US offices, or through other services AT&T provides in the UK.

Ms Vivienne Peters, the association's chief executive, said: "BT is going to have a tremendous fight on its hands if AT&T is given a licence and takes the UK seriously. It will be good for UK companies."

AT&T was rated ahead of BT on customer service skills, value for money and understanding the business needs of customers. BT scored

higher on reliability and financial stability.

Two-thirds of the respondents believe that BT and Mercury have become more customer-focused, with strong support in particular for new billing arrangements. But 41 per cent of BT users and 27 per cent of Mercury users reported "recurring faults" over the past year. Nearly a third of Mercury users reported a "major loss of service" over the past year, compared with 22 per cent of BT users.

Frequency of changes in account managers was felt to be a shortcoming with BT. Most respondents said account managers were influential in their perception of the network operator. "Frequent changes in account managers mean that customers very rarely reached a point where the BT manager fully understood the business organisation."

Although competition was welcomed, most users felt discount schemes were becoming too complex.

HOW UK BUSINESSES RATE RIVAL TELECOMS COMPANIES

	Score out of 5
1 AT&T	3.57
2 BT	3.23
3 Mercury	3.67
4 Worldcom	3.34
5 Easynet	3.18
6 Cable	3.11

Figures are based on 1,000 respondents. Survey conducted by the TMA.

Pretoria in talks with BAe

By David White, Defence Correspondent

BRITISH AEROSPACE is holding discreet talks with South Africa on a possible contract for the Hawk military jet once the UN lifts its embargo on defence sales to Pretoria.

A deal would involve either supplying UK-built Hawks, which are designed both as trainers and as light combat jets, or licensing their construction in South Africa.

The company would not confirm that it was in negotiations with the state-owned South African group Denel. Any deal is not possible under the present circumstances.

Contacts have already been held at government level on opportunities for UK defence companies if the embargo is lifted following South Africa's elections next year.

At the same time, BAe is negotiating with Saab-Scania of Sweden to become a partner in the AS 39 Gripen light-weight jet fighter, made by a Swedish consortium.

The UK company, which provided the first wings for the aircraft during the development phase, is discussing component supplies as well as an overseas marketing deal.

Japanese boost for Thorp plant

By William Dawkins in Tokyo

JAPAN has reconfirmed its commitment to the use of plutonium for nuclear fuel, in an encouraging sign for the 2,500 Thorp nuclear reprocessing plant in Cumbria.

The commitment, restated in the Japanese government's annual report on atomic energy, indicates that the country is likely to honour contracts to buy reprocessed fuel from the plant.

Japan would be Thorp's biggest foreign customer, if the plant wins approval from the UK government.

A decision is expected shortly. The Japanese Atomic Energy Commission report said recycling was "an important ele-

A computer virus sparked a safety scare at a nuclear power station, it emerged yesterday.

The Yankee virus signalled the presence of a personal computer at Sizewell B in Suffolk started playing the tune Yankee Doodle Dandy, Computer Weekly magazine said.

Station operator Nuclear Electric dismissed one man for "misconduct" in the country's energy policy, citing the country's scarce natural resources and heavy energy consumption.

It aims to lift nuclear-generated electricity from the present 28.2 per cent of electrical power capacity to 40 per cent over 20 years.

A fledgling environmental movement, which includes

introducing unauthorised software into the site and the Government's Nuclear Installations Inspectorate was alerted.

It quoted Richard Ford, editor of Virus Bulletin newsletter, as saying the virus - thought to have originated in Bulgaria - is not serious but takes time to eliminate.

Members of parliament from four of the seven ruling coalition parties, is lobbying for an end to plutonium imports because Japan has a surplus.

They fear that weapons-grade material could fall into the wrong hands.

But the report says Japan will have a plutonium fuel shortage until the end of the

decade, when its own reprocessing plant is due to open.

Stocks, now stand at 4.5 tonnes, of which 1.6 tonnes are stored in Japan and the rest at reprocessing plants in France and Britain. They will be consumed at a prototype reactor at Monju, on Japan's west coast, due to start operation next spring.

Officials estimate that stocks will last about three years, after which Japan will have to import another shipment of plutonium from Britain or France.

In January Japan shipped 1.1 tonnes of plutonium from a reprocessing plant owned by Cogema, the French nuclear fuels group, causing an international outcry from environmentalists.

National Power expects to close coal-fired stations

By Michael Smith

NATIONAL Power, the electricity generator, expects to close about 10 coal-fired power stations by the year 2000. The news comes as a severe blow to Britain's beleaguered coal industry.

The closures may leave National Power with only eight coal-fired stations. It now operates two dozen power plants, including those fired by gas and oil.

Most of the remaining coal-fired stations would be running at considerably less than full capacity, the company said.

National Power's gloomy prospects underlines the difficulties the government will have privatising the coal industry. With the coal market shrinking, ministers may struggle to find buyers.

National Power yesterday identified only two of the doomed power stations, Thorpe Marsh in South Yorkshire and Staythorpe in Nottinghamshire, saying both will shut next spring.

Mr John Baker, chief executive, said plants at risk were the smaller ones which are less efficient and can be more easily run at partial load.

Typically they employ

between 100 and 150 people.

Plants likely to survive through to the next century are thought to include Drax and Eggborough in North Yorkshire, Westbury in Nottinghamshire, Didcot in Oxfordshire, Rugeley in Staffordshire, Abertaw in South Glamorgan, Tilbury in Essex and Ince in Shropshire.

In a further setback for British Coal, Mr Baker said National Power's coal stocks were down just 1m to 18m tonnes in the half year and it was unlikely to buy additional coal this winter.

Results, Page 16



The end of an era.

'ON DEMAND' INFORMATION is bringing the era of information overload to a close.

It's the biggest breakthrough in information management and distribution since the invention of the personal computer.

A big claim, but a true one. ON DEMAND INFORMATION can make all the business information your organisation needs and produces available from one Central Source.

You can access, manipulate and use the information with your existing personal computer, which puts it literally at your fingertips.

This is not science fiction, it is fact.

THE CONCEPT OF MULTIPLE COPIES IS DYING

Historically, everyone has assumed that the only way to distribute information is to make multiple copies of it.

With so many paper, videotape, microfiche and CD ROM media platforms available, this is inefficient, wasteful and expensive.

Particularly when most business information is out of date before it's printed.

Wouldn't it make more sense if there was just one master copy that was always up-to-date regardless of the media type?

ON DEMAND INFORMATION makes this a reality.

A MORE EFFICIENT WAY TO ACCESS INFORMATION

Professional and business information of any traditional media type can be stored as a digital master on the ON DEMAND INFORMATION

Central Computers.

With a simple and inexpensive upgrade, your existing 386 or 486 personal computer can then be connected to ON DEMAND INFORMATION by a BT ISDN digital telephone line.

Now you can access industry sector or corporate information from the one source, for the price of a normal telephone call.

ON DEMAND INFORMATION isn't just inexpensive though, it's fast too.

For example, a six-page colour document and nine black and white pages will be delivered, on screen, anywhere in the country in just forty five seconds.

With a quality of image in colour that has to be seen to be believed.

Even the smallest type is perfectly legible.

Speed of delivery and quality is only half the story.

ON DEMAND INFORMATION incorporates 'Fuzzy Knowledge' search routines.

In simple terms, you only need to key in



the thought or click about the information you want to find and in just a few seconds you will have the exact document on screen from literally hundreds of thousands of printed pages.

Pages loaded onto your PC can be saved easily, annotated by digitally recording your voice, adding 'note-it' pad and marking with an electronic 'yellow pen.'

Filed pages are also automatically updated, so you can't use the wrong information.

A TOTALLY INTERACTIVE COMMUNICATION SYSTEM

Travelling to and from business approval meetings can waste an enormous amount of management time.

Especially when, on average, most meetings last under an hour.

With the ON DEMAND INFORMATION system your personal computer can be linked to your clients or colleagues via BT ISDN lines.

So, wherever they are in the country, you can exchange documents, brochures etc. and by the end of the year, with the inclusion of a low cost mini video camera on your PC, you can have face-to-face conversations, whilst the information is simultaneously displayed on screen.

DRAMATICALLY IMPROVES YOUR TRAINING EFFICIENCY

Every business should strive to improve its employees performance.

Training is fundamental to this.

However, it is acknowledged that people only retain about 15% of information imparted during traditional group training seminars.

ON DEMAND INFORMATION allows your company to train employees "using interactive video" or documents whilst they are actually doing their job.

Aside from increased retention, this means they will only ever be acting upon information that is 100% accurate and always up to date.

THE FUTURE IS NOW A REALITY

ON DEMAND INFORMATION is a major development in the way information can be created, accessed and distributed.

Its positive impact on business efficiency cannot be calculated.

We do know one thing though, you must be aware of its full capabilities.

So for more information on how the system can be used throughout your organisation and the range of industry sector information modules available today, complete the coupon below.

The future is now.

ON-DEMAND-INFORMATION

THE ONE SYSTEM FOR ALL BUSINESS AND PROFESSIONAL INFORMATION

NAME _____

POSITION _____

COMPANY _____

ADDRESS _____

(FT)

Send to: ON-DEMAND-INFORMATION-PI, 2 BURLEY ROAD, LEEDS LS3 1NJ.

Britain in brief



Employers find patchy recovery

Further evidence that the UK is experiencing a patchy and uneven recovery emerged yesterday in the latest survey of regional industrial trends.

The survey, produced by the Confederation of British Industry, the employers' organisation, and Business Strategies Ltd, a regional economic consultancy, showed that differences in demand have produced mixed fortunes for manufacturing across different regions.

Overall, UK manufacturing orders and output changed little in the four months to October. But orders for companies in the West Midlands and Scotland increased sharply while in Northern Ireland and the south west they fell.

Results, Page 16

Commercial vehicles up

New commercial vehicle sales rose by 4.4 per cent in October, the second consecutive monthly increase.

The commercial vehicle sector has taken much longer than the car market to emerge from recession, but there are growing signs that a recovery is now under way.

New commercial vehicle registrations rose to 16,148 last month from 15,465 in the same month a year ago, while registrations for the first ten months of the year at 169,369 were still 2.2 per cent lower than a year earlier, according to figures released by the Society of Motor Manufacturers and Traders.

The first signs of recovery came from the heavy truck segment of the market late last year, as hauliers began to replace ageing fleets, but in the last couple of months demand for medium-sized vans has also begun to pick up, albeit from a low base.

Radio station loses licences

A commercial radio station owned by two of the major companies in the industry, Capital Radio and GWR, has lost both its broadcasting licences.

The Radio Authority decided not to renew the licences of DevonAir which broadcasts in the Exeter and Torbay area of Devon. Instead both FM and AM licences have gone to Gemini Radio.

The Radio Authority decided not to renew the licences of DevonAir which broadcasts in the Exeter and Torbay area of Devon. Instead both FM and AM licences have gone to Gemini Radio.

Results, Page 16

Lone parent benefit row

Conservative MPs yesterday urged the government to press ahead with its examination of ways to cut state benefit to single parent families after new data revealed a sharp rise in the number of lone mothers claiming social security in recent years.

Statistics showed that the number of lone parents claiming income support, one of the major benefits disbursed by the Department of Social Security, had risen by more than 30 per cent in the last five years.

The figures coincided with a row in Westminster over whether ministers were planning to cut state benefit to lone parents to reduce the social security budget.

Rail incentives for companies

Private companies running train services could qualify for incentive payments worth up to hundreds of thousands of pounds if they meet punctuality and reliability targets.

The proposals to reward improved performance are contained in the government's draft objectives for the franchising director, which were published yesterday.

The franchising director, Mr Roger Salmon, a former director of NM Rothschild, the UK merchant bank, will be able to use part of his budget to reward rail operators which improve punctuality and reliability of train services.

The franchising director will be responsible for deciding who will run the 25 franchise created under the government's rail privatisation plans.

DEVELOPED AND OPERATED BY: ON-DEMAND-INFORMATION-PI, 2 BURLEY ROAD, LEEDS LS3 1NJ. TEL (0532) 330000. FAX (0532) 448796

"FUZZY SEARCH" TECHNIQUES DEVELOPED BY EXCALIBUR TECHNOLOGIES AND MARKETED EXCLUSIVELY IN EUROPE AND SCANDINAVIA BY ON-DEMAND-INFORMATION-PI.

Handwritten signature or stamp.

Ducking the price wars

Price wars are growing so common in businesses from grocery retailing to personal computers and telecommunications that, for many companies, joining in has become a pre-requisite of survival.

However, an article in the current McKinsey Quarterly argues that price wars should be avoided. Indeed, it says, preventing them should be a cardinal rule of marketing.

Almost invariably, the resulting losses outweigh any gains. For a typical, publicly quoted US company, McKinsey says, a one percentage point cut in prices translates into a 1.23 per cent drop in profit.

That fall can be reversed only if sales volumes rise 4 per cent. Yet in most businesses, a 1 per cent price reduction is unlikely to generate more than a 2 per cent increase in sales.

Furthermore, price wars rarely squeeze competitors out of the market or discourage new entrants. Instead, they undermine premium pricing structures and discourage consumers from paying a premium for higher quality.

McKinsey says most price wars result from misjudgments, not from deliberate strategy. Most are over-hasty reactions to flawed information about what competitors are up to, or a misreading of their motives.

For instance, an unnamed US food manufacturer recently triggered a price war which destroyed all this year's industry profits because it assumed that a 10 per cent price cut by a competitor was intended to win market share. In fact, the competitor was simply selling off a discontinued line cheaply.

As well as ensuring that their commercial intelligence and competitive analysis are sound, companies can avoid price wars by emphasising product benefits to customers.

If a price war starts, companies should seek quickly to lock big customers into long-term contracts. If that fails, McKinsey says, the last resort is to match competitors' tactics with aggressive tit-for-tat retaliation.

Guy de Jonquieres

The film shows Anita Roddick, Body Shop founder, striding around the jungle, discussing her way of doing things. "Trade not aid for us is a real symbol. It's about trading in the developing world, setting up commercial initiatives with indigenous peoples. We don't change the environment, we don't touch the culture. I'd rather promote human rights... than ever promote a bubble bath."

Misty rainforest shots are interspersed with indigenous peoples going about their business, ethnic music and then - shock - Roddick starts talking about her American Express card. "I travel a lot, I'm in bizarre places, I'm in unsafe places, I need to get in and out. What I use for that is American Express. There is no option, there is no debate."

It is comforting to know that even in the depths of the rainforest one need never be embarrassed by a shortage of cash or having the wrong place of plastic.

The 60-second, lavishly shot Roddick TV film, which is initially being shown in the US, is part of a vast global advertising campaign - the first by American Express for five years - currently being unleashed on the world. In the UK alone, £10m has been earmarked for the advertising, which is already under way; by next year the ads will be showing in up to 30 of America's main markets. Overall costs are not being disclosed - all the company will say is that "investment is very large".

Currently, the American Express card is placed well behind the two leaders globally, Visa and MasterCard, in charge volume - value of sales and cash advances made on the cards.

Each of the ads - there will be about 60 in all - follows an identical format but the national content is different in each case. Amex has selected people it considers to be recognizable "local business heroes". They each talk to an unseen interviewer about their achievements, vision and how their businesses are run. Snatches of film, clearly shot on no-expenses-spared locations, illustrate their points. It is only towards the end of the films - which are closer to "advertisements" than conventional ads - that the heroes explain their attachment to American Express and the card makes its appearance.

Notably absent is information about membership fees and the like. According to Aldo Papone, special adviser and a director of the company, "We have always built on who has it, rather than its features."

In view of the current heated competition between card-providers in the US, which is being mirrored elsewhere, this is perhaps just as well. The latest feature of the card

American Express has launched its first global campaign for five years, writes Diane Summers

Famous faces fit the bill

Each of the ads - there will be about 60 in all - follows an identical format but the national content is different in each case. Amex has selected people it considers to be recognizable "local business heroes". They each talk to an unseen interviewer about their achievements, vision and how their businesses are run. Snatches of film, clearly shot on no-expenses-spared locations, illustrate their points. It is only towards the end of the films - which are closer to "advertisements" than conventional ads - that the heroes explain their attachment to American Express and the card makes its appearance.

Notably absent is information about membership fees and the like. According to Aldo Papone, special adviser and a director of the company, "We have always built on who has it, rather than its features."

In view of the current heated competition between card-providers in the US, which is being mirrored elsewhere, this is perhaps just as well. The latest feature of the card

is a flurry of "customer loyalty" schemes. In the UK, for example, where Amex has 1m of its almost 37m cardholders, the company last month launched an air travel and hotel accommodation points scheme. The scheme will cost £20m over the next three years in marketing and administration to the UK.

That came within a few days of the first launch by a UK manufacturer (Vauxhall, the General Motors subsidiary) of a mass-market credit card, which also provides discounts on the purchase of Vauxhall cars. Save and Prosper, the financial services group, is another to have recently offered a new, low-interest card.

Papone lists the qualities Amex was seeking in their "local heroes" as including: conviction, pursuit of ideals, learning from failure, hard work and success - in terms they define for themselves. They must be able, of course, to sing the praises of the American Express card through personal experience, as well as recommending it as a way

to pay in their establishments. The whole thrust of the campaign is away from former elitist images and towards what Papone calls the gentler "emerging value of the 1990s". Amex's choice of the heroes is weighted towards restaurateurs and hoteliers and includes, in the UK, Richard Shepherd and the ghost of the late Peter Langan of Langan's restaurant, and Mike Gooley, founder of the travel company Trailfinders. Most familiar is Sir Terence Conran, the eclectic designer, who is filmed cooking, cycling and at his London restaurants before giving his endorsement to the "classic green card".

Besides Roddick, the US advertisements feature Charles Lazarus, founder and chief executive of Toys R Us, and Jean-Louis Dumas, chairman of luxury goods company Hermès. The latter is seen surrounded by the luxury materials of his business as he extols the virtues of his products. "I'm embarrassed to speak about a scarf like a still-life piece. A scarf is only good when it moves around," he intones to the



Freewheeler: Sir Terence Conran endorses the classic green card in the UK

sound of violins. "We give birth to the product, the customer gives life to it." For the benefit of those who can afford it, he concludes: "American Express, it is a very good way to pay at Hermès."

Italian advertisements feature Roberto Scio, from Il Pellicano, the Portofino hotel, and Ninetta Cecacci Mariani, owner of the Rome Checchino restaurant. German local heroes include Ruediger Kowalko from the Hamburg Fischereibafen

restaurant and, in Japan, Kyoichi Egashira from Royal Host restaurants.

All the ads, says Shelly Lazarus, president of Ogilvy & Mather New York, the advertising agency which has been responsible for the campaign, were unscripted. They were also unpaid - an arrangement which is not likely to have left the heroes dissatisfied, given the massive plugs they received for their businesses.

A potentially explosive brew

Carlsberg has entered the lucrative Thai beer market, writes Victor Mallet

of Bangkok in May, the market was dominated by Boon Rawd Brewery - whose Singha brand accounted for nine-tenths of the beer sold in the country - and Thai Amari's Kloster and Amari brands.

As Thais have become more prosperous, they have increasingly taken to drinking beer, regarded as a western, up-market product, instead of the cheaper, run-type beverages known as "whisky". But Boon Rawd and Thai Amari have hitherto controlled the beer distribution networks and imported beers are heavily taxed.

Carlsberg has broken into the market by teaming up with Charoen Sirivadhanabhakdi, an influential ethnic Chinese businessman. He produces and

distributes Mekong, the most popular Thai whisky and therefore has a ready-made distribution network across Thailand, as well as an interest in branching out as beer consumption rises.

Charoen, his wife Wana, Crown Prince Frederik of Denmark and Carlsberg's managers celebrated the new partnership at a lavish ceremony at the brewery last month.

"You've got virtually 100 per cent distribution [of Carlsberg] because of their whisky," said Michael Lund, Carlsberg International's managing director.

"If you're starting from scratch you have to work much harder to get penetration." Charoen has demanded a high price for his part in the business.

He and his local partners own 90 per cent of the joint venture and they say they may use a second brewery to be completed by the partnership next year to produce their own brand as well as - or even instead of - using it to make more Carlsberg.

Carlsberg executives regret failing to secure a larger share, but console themselves with the knowledge that Carlsberg receives royalties for the use of its name and technology. The Thai operation also fills a gap in Carlsberg's network of Asian operations.

Early indications are that Carlsberg is selling well in Thailand and has seized about a fifth of the market. The new brewery, which can produce 1m hectolitres a year, is working at

full capacity and Carlsberg says it has only three days of stocks. Heavy advertising has helped - Carlsberg in Thailand believes it will spend between 30 and 40 per cent of the \$10m being spent by Thai brewers this year on television and other main media - and the brewer has matched Singha's 6 per cent alcohol content to suit Thai tastes.

But Charoen's distribution network is vital. Launches of other beers have failed in the past because the product was not widely available.

Boon Rawd is putting up a strong fight. Its advertising emphasises nationalism and positions the product as a local beer in contrast to Carlsberg's international image. Carlsberg has been obliged to

take the unusual step of producing own brands of bottled soda water and still water; these are essential mixers for Mekong whisky and Charoen feared that Boon Rawd, hitherto the main soda water manufacturer, would threaten to withhold supplies from retailers who accepted Carlsberg beer on their shelves. The rivalry between selling agents on the backstreets of Bangkok and other towns was described by one Carlsberg manager as "fairly violent".

Carlsberg's European executives are painfully aware of their dependence on Charoen, but know they could have entered the Thai market only with the help of somebody like him.

Asked if Charoen could market Carlsberg in the face of stiff resistance from Boon Rawd, one manager described Charoen as "resourceful" and pointed out that "cornering the whisky market in Thailand - as Charoen had done - was not an achievement for the faint-hearted."

PEOPLE

Sears changes its finance director

Stephen Park, finance director of retailing group Sears and Liam Strong's first big appointment after he became chief executive in 1991, has resigned with effect from the beginning of next month. He will be replaced by David Defly (right), deputy finance director at Grand Metropolitan.

A company source says Park, who was headhunted in June last year from Hanson where he was Lord Hanson's personal assistant, had been having discussions with Strong in recent months. "He and Liam agreed that it just wasn't coming together in the way they had hoped. They decided it was better for them to part company."

Park, who had been finance director of Hanson's Allders division and later responsible for strategic planning, acquisitions and divestments, is said to have "two or three other irons in the fire". He will receive an undisclosed severance package.

Defly, 48, has what Sears

calls a "solid record in financial management of well-regarded companies". He began his career at Philips Electrical, and joined Colgate-Palmolive in 1968 where he held several senior positions including director, corporate finance, New York. After leaving in 1984 he worked as finance director at Onyx and Woolworths, and joined Grand Metropolitan in 1988 as finance director of the IDV drinks division.

He became deputy group finance director of GrandMet in March last year. Sears, which found Defly through an executive search, said his experience in the US and in several "customer-orientated" businesses fitted him well for his new post.

Sears does not expect Defly's appointment to lead to any changes in accounting policy; it has worked hard in the past few years to make its accounts more transparent.

Sears is also beefing up its



board through the promotion of two new directors, Ian Thomson, 47, managing director of Sears footwear business British Shoe Corporation, and Rod Taylor, 40, director of group human resources. The board has seen its numbers depleted by a series of management changes in the past two years.

Taylor's association with Strong goes back to Strong's days as director of marketing and operations at British Airways, when Taylor was his human resources general manager. Thomson joined Sears in September last year from South African retailing group Edgars Stores.

Non-executive directors

■ Craig Tedmon, vice-president of ABB Asia Brown Boveri, at BOC GROUP.

■ Robert Paine, deputy chairman of Scholes Group, as chairman of BRITISH BUILDING & ENGINEERING APPLIANCES.

■ Lars Ahrell and Duncan Saville at The PHOENIX TIMBER GROUP.

■ Barry Field MP, newly appointed chairman of J.D. Field & Sons in succession to Edward Field, at CRBAT SOUTHERN GROUP in which J.D. Field is the major shareholder.

■ Peter Blood, a former chief executive of Britannia Shield Property Services and a director of the Staffordshire Family Health Services Authority, at JOHN TAMS GROUP.

■ Geoffrey Deith, chairman of Aynsley Group, at ARGUS PRESS.

■ Mark Smith, a former vice-chairman at S.G. Warburg, at The LAIRD GROUP.



■ Diana Courtney (above left), a partner in Denton Hall, at BRADFORD & BINGLEY Building Society.

■ Jean Solandt (above right), group md of treasury and trading at Schroders, at the WOOLWICH BUILDING SOCIETY.

■ Christopher Day and Mark ten Hove at JAKARTA FUND (CAYMAN); Peter Drew and David Harding have resigned.

■ Rodney Price, a director of Brerley Investments, at ALVIS.

■ Lord James Ramsay at DUNDEE AND LONDON INVESTMENT TRUST on the resignation of Roland Jarvis.

■ Rlys Williams, a former director of OGC, at EUROETHERM.

■ Christopher Burnett, chairman of Fogarty and Moorfield Holdings, at MARSHALLS.

■ Edwin Thirlwell, founder and former chairman of Frontpoint Holdings, at FLYING FLOWERS.

■ Sir John Sparrow has resigned from ASW HOLDINGS.

Thinking about local government

Brian Redhead, 63, who steps down as president of the Today programme in a few months' time, is to be chairman of a new think-tank which will investigate the state of local government in England and Wales.

Redhead, who has become one of Britain's best-known radio broadcasters during his 18 years on the Today programme, is no stranger to controversy and his new post will give him a chance to contribute to the sometimes acrimonious debate about the reform of local government in Britain.

The new think-tank, which is called the Commission for Local Democracy and will have a two-year life, has tried to guarantee its independence by not taking funding from either local or central government. It has raised funds from a number of sources including Unity Trust Bank and the Municipal Journal.

David Clark, 36, director of the new body, says that local democracy is in "need of a new vision and we hope we can contribute to its strengthening in the future". The aim will be to analyse some of the ills that beset local government and

suggest solutions. The organisation has nine commissioners who will oversee its work and draw up its recommendations. Apart from Redhead, they include Roger Jeffries (formerly an under-secretary, environment department), and chief executive, London Borough of Croydon; Steve Bullock (former Labour leader of London borough of Lewisham); Jane Clark (former Liberal leader of South Somerset District Council); Gareth Gimblett (former Conservative leader of Berkshire County Council); Simon Jenkins (former editor of The Times); Gerry Stoker (Professor of Politics, Strathclyde University); Kieron Walsh (Professor of Public Sector Management, Birmingham University); and Sally Winder (director, Child Poverty Action Group).

Lord Walker, the former cabinet minister, yesterday announced the membership of the board of English partnerships, the government's new urban regeneration agency which he chairs.

Joining Sir Idris Pearce, chairman of English Estates, whose appointment as deputy

chairman had already been announced, are: Michael Carr, Labour leader of Middlesbrough City Challenge board and a member of the Teesside Development Corporation; Bill Jordan, president of the ASRU craft union; Stephen Massey, executive vice-president of Prudential Bache Securities, the investment firm; Dennis Stevenson, chairman of the SRU consultancy group, the Tate Gallery and GFA.

David Taylor, chief executive, will be an executive director, as will Paula Hay-Plumb, who comes to the agency on January 1 as finance and administration director. She was previously involved with the Canary Wharf development in London's Docklands and was group financial controller in the team which completed the successful restructuring of the project to bring it out of administration.

Ray Morgan, chairman of Hall Harrison Cowley, has been appointed chairman of NATIONAL READERSHIP SURVEYS; Michael Mander has completed his term of office.

ANNOUNCEMENT FROM SÜMER HOLDING A.Ş.

As a part of the privatization programme Sümer Holding A.Ş. Offers for sale its Tarsus Textile Dye Industry Plant by sealed tender and sale negotiations procedure.

THE PLANT TO BE SOLD

AMOUNT OF TENDER BOND

Tarsus Textile Dye Industry Plant.

TL 3.000.000.000

- The Information Document and sale specifications of the above plant is available for a fee of TL 250.000, at the General Directorate of Sümer Holding A.Ş., at the address below.
- The plant shall be transferred to the buyer "as it is" at the date of signature of the purchase agreement, excluding the receivables and liabilities and inventories of the plant at that date.
- The buyer shall be wholly responsible for all the liabilities arising from the rights and payments which the employees working under labour law 1475 and whose numbers are specified in the information Document, are entitled to or shall be entitled to by the labour law and the collective agreement.
- The offerors are required to provide an irrevocable, unconditional (payable at first demand) tender bond for an amount of 3.000.000.000 Turkish Liras and valid for a period of at least six months to the below address of the General Directorate. Offers prepared in compliance with the sale specifications should be submitted to the Correspondence Department of Sümer Holding A.Ş. General Directorate at Çankırı Caddesi No: 2 Ulus/ANKARA, not later than 3 P.M. (on December 28, 1993). Delays in post shall not be accepted.
- Sümer Holding A.Ş. is not subject to the restrictions specified in the State Tender Law No. 2886 dated 8th September 1983 and reserves the right to decide whether or not to sell the plant and to extend the deadline of the tender, if deems necessary.

SÜMER
HOLDING A.Ş.

Çankırı Caddesi No: 2 06042 Ulus/ANKARA-TURKEY
Phone: 00-90-312-310 38 30 Fax: 00-90-312-311 72 33

THE GREEK ECONOMY

FOCUS ON THE FUTURE

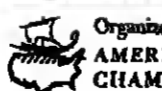
November 30th, December 1st and 2nd 1993

4th ANNUAL CONFERENCE

Hotel Athenaeum Intercontinental Athens.

Today's & Tomorrow's Perspectives

A Major Meeting with the participation of The Greek Government



Organizer: AMERICAN HELLENIC CHAMBER OF COMMERCE

SOME OF THE DISTINGUISHED SPEAKERS

- Mr. Andreas G. Papandreou, Prime Minister of Greece
- Mr. Nikos Karamanlis, President of the New Democracy Party
- George Gennimatas, Minister of National Economy & Finance
- Constantine Simitis, Minister of Industry and Commerce
- Yannis Papanikolaou, Minister of National Economy
- Andonis Samaras, President of the "Pelleas" Party
- Stephanos Meros, MP and Former Minister of National Economy
- Efthymios Christodoulou, Governor of the Bank of Greece
- Iason Stratos, President of the Federation of Greek Industries
- Brucce Milian, EC Commissioner for Regional Policies
- Norman Lamont, House of Commons, Great Britain
- Key Bank leader

The scope of this year's meeting is to gather a distinguished group of speakers to discuss, in depth, the long term and short term reforms in Greece with the participation of new cabinet officials of the Greek Government, members of the Opposition and key figures from international organizations in Europe and the U.S.A. Topics will include macroeconomic, industrial and trade policies, issues of competitiveness, the privatization process, priorities of the Greek Presidency in the EC and the European Community Funds and prospects for investments in Greece.

The participation fee is GBP 850 or \$ 1350 and includes hotel accommodation for three nights, simultaneous translation, luncheons, dinners etc. and conference documentation.

For more information please contact:
Ms. Necleria Passarivaki, American-Hellenic Chamber of Commerce, 16 Kanan Street, 106 74 Athens, Greece.
Tel.: +36 231 231-3, 36 11 892, 36 36 407
Fax: +36 10 170, 36 20 995, 36 26 433



Trials and tribulations of drug harmony

Peter O'Donnell reports on the need for a standard approach to pharmaceutical testing

Discussion flared in Florida last month over how much sun could get through the window of a Tokyo pharmacy in high summer.

This conundrum was just one item on the agenda of 1,600 scientists from the pharmaceutical industry and health ministries around the world who attended the Second International Conference on Harmonisation of the Technical Requirements for the Registration of Pharmaceuticals for Human Use.

Against the improbable background of Disney World, the cream of the world's drug developers and regulators spent three days debating how an alignment of divergent national testing requirements could bring new medicines onto the market more quickly.

At present, there is no standardised approach to checking how medicines stand up to light - which is why the Japanese Ministry of Health and Welfare was presenting detailed data on how it measured the exposure of a drug stored near a south-facing window during a 14-day period in June.

Drug manufacturers face a daunting technical challenge in bringing their new products on to international markets. Differing regulatory demands from country to country oblige a company to perform new tests or present its data in different formats to satisfy each health authority.

With the average cost of developing a new drug estimated at nearly \$350m (£238m), companies have a powerful incentive to eliminate unnecessary expenditure and delay - and one obvious route is the rationalisation of testing requirements.

According to David Kessler, commissioner of the US Food and Drug Administration:

"Science-driven harmonisation can curtail duplication and thereby reduce significantly the cost of new drug development - not just in dollars spent by the industry, but in risk-taking by patients, in experimentation with

laboratory animals and in the regulatory effort of our governments."

After more than three years of intensive collaboration, the health authorities and the pharmaceutical industry in the world's big three drug development regions - the EC, US and Japan - are now starting to see the first results of their labours towards rationalised drug registration requirements.

Cuts of 33 per cent in the cost of stability testing have been claimed as the result of one of the harmonisation measures announced in Orlando.

A joint guideline nearing agreement on long-term toxicity studies holds out the promise of halving the length of some tests

Motivations include long-term economic benefit, faster drug development, fewer animal tests and better science

without any significant loss of data.

Similar agreements are in prospect on a standard format for presenting clinical trials data, how to screen out potential cancer-causing agents, whether it is legitimate to transfer results between ethnic groups and the hundreds of other detailed testing standards that have pushed drug costs upwards and held back new product introductions.

These could be only the first steps. Drug regulators are now admitting, for the first time, that the prospect of a single standard application format worldwide is not entirely unrealistic, and that the road could even extend to joint review of new drug applications.

Given that the EFTA countries, Canada and the World Health Organisation are also involved in this harmonisation process and that many other countries wish to join in, the long-term benefit for companies introducing

new drugs already appeals to business managers as much as to research heads.

However, the touchstone of success will be how quickly the new agreements can be put into practice in the three regions which are the motors for change. Kessler has warned that cost constraints could prevent the FDA moving ahead "with the sense of urgency that harmonisation projects may deserve".

Kaith Jones, director of the UK Medicines Control Agency, has responded that delay by any of the three regulatory parties "would deliver little to industry or to patients". And Ferdinand Sauer, the EC Commission's head of pharmaceuticals, has drawn a connection between the success of the harmonisation programme "and its correct and swift implementation in the three regions".

There is also a perceived need to speed up the harmonisation process itself and make the negotiations more efficient. As Nobutaka Tsumakawa of the Japanese Pharmaceutical Manufacturers Association remarked on the development of the stability testing guideline: "At the beginning of the process, we expected to obtain early results with this issue. But it took three-and-a-half years to reach our goal."

Some European industry representatives at Orlando, resentful that they had been bounced into a deal which tightened up testing requirements for them, ruffled the feathers of diplomacy by circulating a letter complaining of decisions being made "in a political climate". Nevertheless, the process appears set to continue. The obvious motivations include long-term economic benefit, faster drug development, fewer animal tests and better science.

But for many of the hundreds of experts involved in this network of meetings and discussions over the last three years, the satisfaction - and the principal recompense for a heavy increase in personal workload - is that of the pioneer.

It is summer a few years' hence and you want to lay on an outdoor grill. You call up the American barbecue page on your computer screen and the system linking your home with the local supermarket asks whether the meal will be for two, for several people or for a party.

You give your answer. It asks what sort of drinks, appetisers, main courses, side dishes and desserts you want, even whether you want to use a food processor. All screen options are illustrated, some with videos. You tap in your preferences and recipes with ingredients and brand names and prices can be called up and printed out.

You order the shopping electronically with a simple barcode scanning device or direct from the screen. The goods are delivered through a secure entry point, or "hole-in-the-wall" in your home, or to a collection point at, for example, a nearby petrol station.

It all sounds blissfully effortless, if somewhat soulless. However, a US study has shown that 64 per cent of people dislike going to the supermarket for their basic shopping, as many as hate going to the dentist. The figure is quoted by Andersen Consulting which has opened a \$5m (£3.3m) retail centre in the UK to demonstrate how technology can be applied to meet the pace of change in the industry.

Named Smart Store Europe and located in Windsor, west of London, it shows some of the gadgetry and computer systems which are becoming available to the retail, distribution and manufacturing sectors. As well as shopping by screen, it gives an idea of what the automated, computerised store of the future will look like, from the check-out counter to the manager's office.

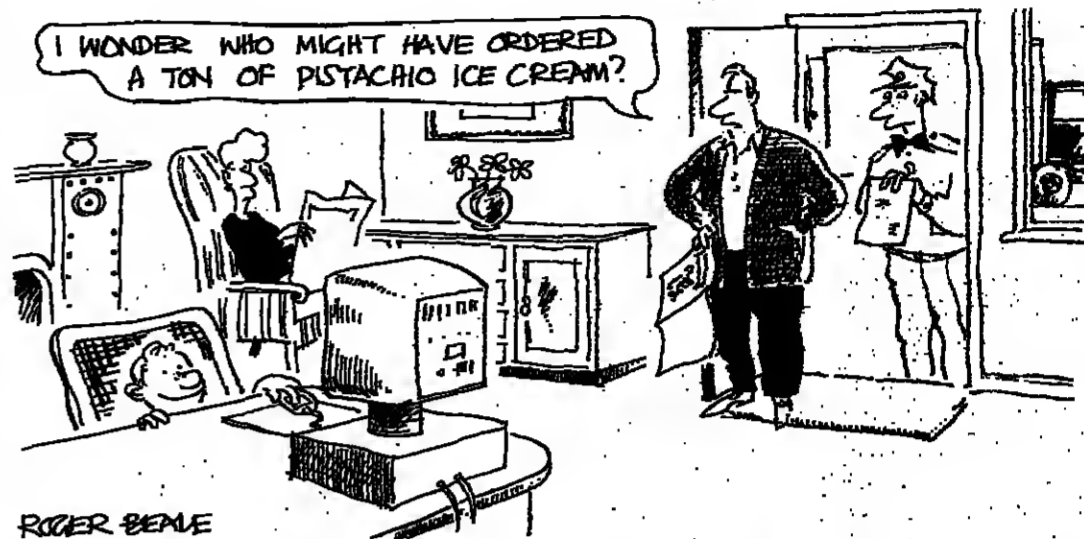
John Hollis, a partner in Andersen Consulting's UK practice and director of the Smart Store, believes the retail sector is about to experience a tremendous shake-up. "I see us going through such huge, turbulent changes in this industry in the next few years that just talking about it is not enough. There are real fundamental issues that the boards of companies will have to work through."

Evidence of change is abundant. In Germany, the Karstadt and Hertie store groups are discussing a merger to combat the effect of the shift in consumer tastes to niche and discount retailers.

Competitors are crowding in to the UK. Costco, the US warehouse club operator, plans a big, cut-price outlet in the east of England. Discount retailers such as Aldi of Germany and Netto of Denmark have invaded the food market. US-style factory outlet malls are also coming to the UK. Aware that their high profit margins cannot last, UK supermarkets have now embarked

High-street habits are changing with the advent of computerised shopping, reports Andrew Fisher

Tapping into convenience



ROGER BEAVE

on a price-cutting wave.

Such developments will make a big difference to the way people do their shopping. So will the changes in the telecommunications and entertainment industries, mainly led from the US; these have implications for shopping by television (already a reality in the US), video links to the home and multimedia services combining sound, pictures and computers.

If people can have their basic purchases delivered, will they want to go shopping at all? Some will not. But most will want to see some of the goods they buy. Shops and stores are also places of social activity, the difference being between "replenishment" and "enjoyment" shopping. In future, a person could enjoy a drink or a snack while browsing through lists of items on a screen and ordering by scanner. Shopping trolleys will have video information about goods on offer and where they are to be found, as well as games to keep children amused.

Advice on anything from building a conservatory to clothing will be available from in-store computers. Managers' offices will also become more electronic. The one in Andersen's Smart Store has a terminal

with information about sales trends; this is duplicated on a pad computer which managers can carry around the store.

"Managers don't have to be in the office," says Tamar Herman, a consumer products manager with Andersen. "The idea is for them to get close to the customer and manage the workforce better." The computer would tell managers when they needed to order more of a certain product and help work out labour schedules.

With better data, managers would be able to make more marketing and strategy decisions, says Herman. "A common problem is that information gathered at the store goes up to the central office and comes back down in a stack of paper two weeks later."

The first company to visit the Smart Store in Windsor - there are others in Chicago and Sydney - was Marks and Spencer, the UK clothing and food chain. The visitors' list also includes Nestlé, the Swiss food producer and Hachette, the French publishing group.

Some companies have long grasped the value of keeping abreast in technology. ICA Handlarnas, the Swedish co-operative food retailing group, has spent SKr500m (£60m) on

streamlining its distribution system by using computers to link its 2,500 member stores. It has shut half its distribution sites. Stores are also being equipped with new scanning equipment, so that up-to-date sales information can be used to help purchasing and analysis.

Hollis sees scope in the UK for store groups to save money by pooling their distribution efforts. If direct ordering from the home really does take off, goods could be delivered from the warehouse without ever being in a supermarket. This could cut prices by some 5 per cent, depending on how much of the savings are kept by suppliers.

At a time when flat population trends mean retailers can only grow in many countries by eroding others' market share or expanding abroad, the way they use technology will have a powerful influence on their success in improving service for shoppers while keeping prices down.

This is what consumers are coming to expect. Many have become used to the convenience of automated banking and buying insurance by telephone, notes Hollis. "People have changed some of their habits to quite devastating effect on the high street."

TO: HC
NOTICE
outstanding
Compan
between
In order
"bearer"
the certi
below at
Debitur
Euroclea
the Trus
transmi
Debitur
Upon rec
acceptab
forward
may be,
Corporat
shares o
conversio
bearer De
the instr
shares of
Further d
below.
DATED:



THE INTERNATIONAL SMILE OF THE GULF

At Gulf Air, people from around the world bring together diverse cultures and traditions to create Gulf Air's international spirit - a spirit that you'll experience in our uniquely

hospitable style of service.

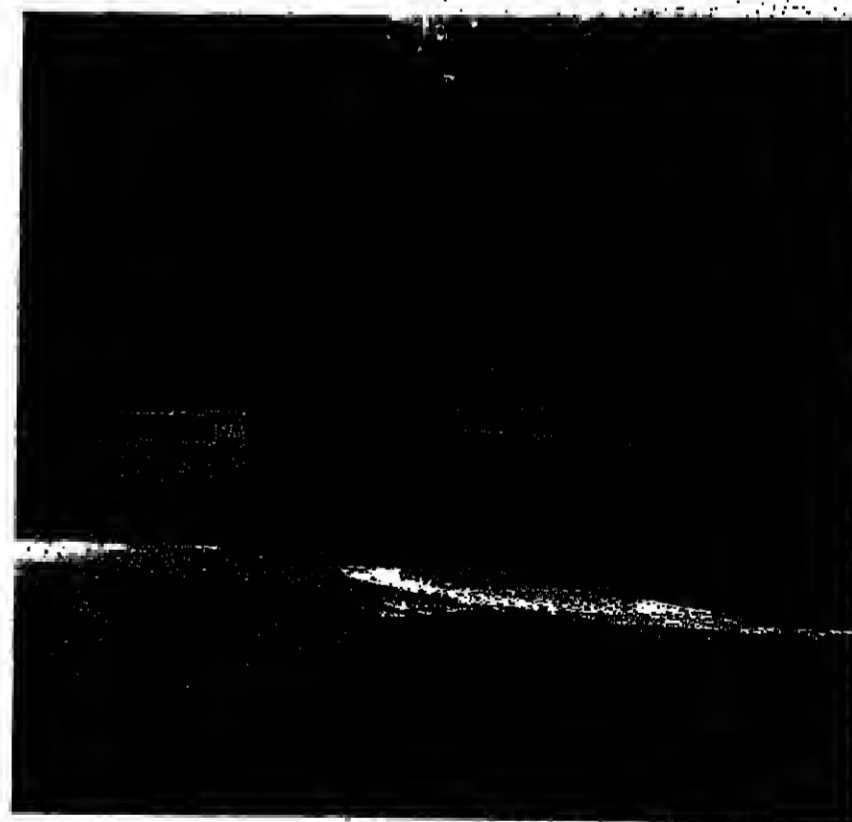
Wherever you're from, wherever you're going, on Gulf Air you'll always find friendly faces, and a smile that you recognise.



Montreal
510 Burr
Vancouver
(604) 661

Euroclear
#4 Rue D
B1000 Br
Belgium
(322) 224

Coutts & Co



"Two Adjacent Positions", by Dan Graham, a Coutts Contemporary Art Foundation 1992 award winner.

Coutts & Co International Private Banking: innovation with traditional values

Our support of artists in the forefront of contemporary art reflects our commitment to maintain a position at the 'leading edge'. Combined with traditional values based on three hundred years' experience, we provide high-quality banking, investment and trust services to wealthy private clients. By focusing global expertise on individual needs, we offer tailored as well as standard solutions worldwide. For further information, please call:

London: telephone 071-379 7139, facsimile 071-240 0310
Zurich: telephone 01-214 73 26, facsimile 01-214 72 60
New York: telephone 212-303 2940, facsimile 212-303 2929

London • Zurich • New York • Bahamas • Bermuda • Cayman • Chicago • Geneva • Guernsey • Hong Kong
Isle of Man • Jersey • Langkai • Miami • Montevideo • Singapore • Tokyo
A member of the National Westminster Bank group

Left behind in Latin America



BOOK REVIEW

For 30 years until the fall of the Berlin Wall in 1989, the left in Latin America was transfixed by Fidel Castro's Cuban revolution.

Now the Soviet regime that subsidised him is history and Castro looks like an old Latin American caudillo clinging desperately to power.

Since the end of the cold war it has been the righting advocates of market-oriented reforms, and not the left, that have been offering change in Latin America. Governments across the region have been squeezing the size of the state, deregulating and opening up protected markets to foreign competition.

For many on the left, these policies have failed to stimulate sustainable growth. Worse, they have widened divisions between rich and poor. But what is the left's alternative?

This is the question the left-wing Mexican academic, Jorge Castañeda, addresses in *Utopia Unarmed*. He says revolution - except for extreme groups such as Peru's Shining Path - is no longer on the left's agenda.

Indeed, in contrast with its past equivocation, the left as envisaged by Castañeda views representative democracy and human rights as priorities. Democracy requires more than elections, however. What is needed is reform of existing democratic institutions, including increasing accountability, and a fair judicial system.

The left in the 1990s must continue to be nationalistic, he says, in part because the process of nation-building is incomplete. But its nationalism must take a new shape. The left should recognise that developments in the global economy constrain this nationalism. It should reject foreign interference in domestic issues, such as narcotics policy. However, the left should embrace the notion that international influence on other issues - human rights, the environ-

ment, fair elections - can enhance nationalist objectives.

The left should build alliances with groups in the west - to seek, for example, to influence US policy on specific issues. Castañeda and others of the Mexican left have already begun the process, co-operating with labour groups in the US to oppose the North American Free Trade Agreement between Mexico, the US and Canada.

Within the nation, governments should decentralise power to regions. Outside, they should seek regional economic integration, but only among equals. This rules out Nafta, but includes accords among developing countries.

In the Castañeda vision, state ownership is no longer an end in itself, but he still advocates a central role for the state in the economy. He accepts market capitalism - but not the Anglo-Saxon variety. Instead, he looks to continental Europe and its system of social welfare, and to the Far East for its model of industrial policy and export-led growth.

UTOPIA UNARMED: THE LATIN AMERICAN LEFT AFTER THE COLD WAR
By Jorge G. Castañeda
Knopf \$27.50

Castañeda, however, fails to resolve some crucial problems for the left. How much of the free-market agenda would left-leaning governments have to adopt not to scare off investment? Though he calls this a false dilemma, he agrees that "the business community in most of Latin America has a choice today... when faced with the unpleasant prospect of a reformist government - pack up and go elsewhere".

Castañeda fails to pursue some of the more interesting ideas from the right that could have an impact on poverty. For example, giving people in Latin America's slums legal title to their homes - currently owned by nobody - could alleviate the plight of the urban poor.

His vision may ultimately be unworkable. But if the left does shape up in the way Castañeda suggests, it would end up embracing many of the social democratic traditions of west Europe. That can only be good news for Latin America's still shaky democracies.

Stephen Fidler

My articles attempting to persuade people that there is more danger of deficit than of excess demand have contained one deliberate omission. They have not called for slashing reductions in interest rates, irrespective of what other countries do, and irrespective of what happens to sterling.

Instead they have concentrated on the need for a change of priorities at the international level in both the "summit" Group of Seven countries and the European Community. As far as UK domestic policy is concerned, they have focused on the case against taking risks with the recovery by piling on net tax increases over and above the quite large imposts already left behind by the former chancellor, Norman Lamont, for implementation next year and beyond.

This emphasis has been there partly because the main sources of deficit demand are outside the UK - they are particularly to be found in continental Europe and Japan. There is an unnecessarily large gap between output and capacity in most places. But it is at least possible that in the UK the gap may be near to stabilising, while in other areas it is getting wider all the time.

Another reason for not joining the ultra-cheap money bandwagon is that its members exaggerate the extent to which an individual medium-sized country can "go it alone" in interest rate policy and ignore the consequences for the exchange rate.

Nothing could be more misleading than the belief of the Tory lobby wing that the price of sterling is no more important than the price of tomatoes. While a big change in the price of tomatoes might at most lead to related changes in the prices of lettuce and cucumbers, the exchange rate is the main link between one country's price level and that of its trading partners. It is true that the 1992 British devaluation, following the departure from the ERM, had a smaller inflationary impact than many analysts expected and that the UK has since had a faster rate of growth than its European partners. But these events may have given a highly misleading impression of the scope for a single country to decide policy on purely domestic criteria.

The 1992 devaluation was a one-off event, taking place when downward pressures on inflation and activity were exceptionally severe worldwide. Indeed the governor of the Bank of England, Mr Eddie George, came to the conclusion that, at the original ERM entry parity, the UK "might have actually had falling prices". Instead the UK has had an underlying inflation rate of 3 per cent, which will show an upward blip in coming months, but which the Bank hopes will return to 3 per cent by 1995.

What applies to a single devaluation in exceptionally favourable circumstances would not apply to a policy of repeated depreciation. Even in the present depressed world economy,

it will not be possible to absorb nearly as much of the effects of another devaluation in importers' margins, or in the margins of foreign goods competing with British ones in international trade, as it was last time round.

There is, moreover, a tendency to exaggerate the scope for purely national interest rate policies, even under a regime of flexible exchange rates. Short-term real interest rates are then indeed free to vary between countries for temporary periods. But this is much less true of long-term real interest rates or even of average short-term ones over a period.

The fact is that, in a world of free capital markets, real long-term interest rates tend to converge. This is a more fundamental sense of "not being able to buck the market" than Lady Thatcher had in mind in her famous remark after she stopped her chancellor shadowing the D-Mark in 1985.

In a single free capital market, there will be one prevailing long-term real rate of interest. This long-term rate can be regarded as either the prevailing long bond rate or the expected average of short-term interest rates, appropriately discounted. These two measures must be consistent with each other; otherwise there would be easy profits to be made from moving from short to long-term fixed interest securities, or vice versa.

In practice, nominal bond rates in different countries are not, of course, identical. But an individual country's rate can differ from the going international rate - default risks apart - only by a currency premium or discount, reflecting the expected appreciation or depreciation of the currency.

The fact is that, in a world of free capital markets, real long-term interest rates tend to converge

against other main currencies.

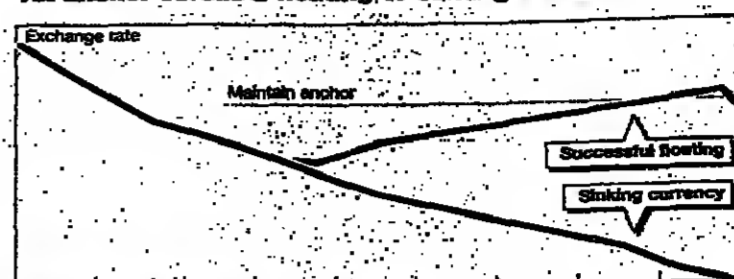
The expected movement of a currency will, over a sufficient period of years, in its turn mainly reflect expected inflation differentials. Thus, long-term interest rates in the UK can only be lower than those in Germany if the expected inflation rate is lower.

ECONOMIC VIEWPOINT

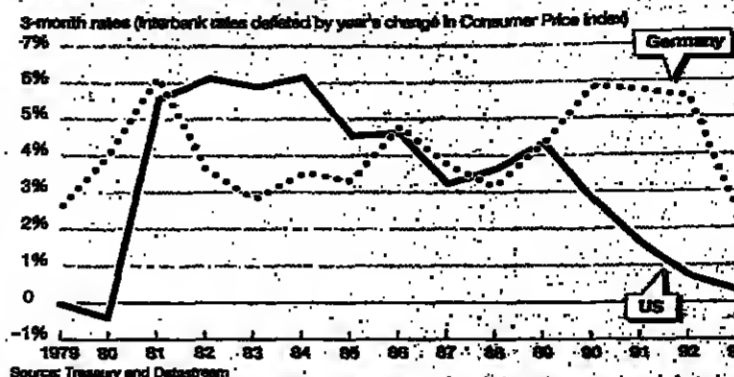
Why we cannot just 'go it alone'

By Samuel Brittan

An anchor versus a floating or sinking exchange rate



Real interest rates compared



Source: Treasury and Dataquest

This is clearly not the market's expectation. UK 10-year bonds yield nearly 1 percentage point more in the UK than in Germany, despite all the British base rate cuts. French bond yields have, however, virtually closed the gap with German ones.

It is true that US bond yields are about half a percentage point lower still - more likely reflecting market belief in a temporary undershooting of the dollar than that US inflation will fall behind that of France and Germany. The country where nominal bond rates are decisively below the international average is Japan - which reflects optimistic expectations both about yen appreciation and Japanese inflation.

What flexible exchange rates permit is temporary variations in either direction in real short-term rates. In some circumstances, this may be a valuable degree of freedom; but it is, of course, limited. For a country, such as the UK, trying to stabilise its currency after decades of inflation and depreciation, the choice is illustrated

in the first chart. If it could carry out a successful domestic monetary policy, the result might look like the line marked "successful floating". There would be periods - say during domestic recession - when real short-term interest rates would be lower than elsewhere.

The official British desire to confine and limit the role of the European Monetary Institute is counterproductive

There would be other periods, say after a burst of credit liberalisation such as the UK experienced in the mid-1980s, when its rates would be higher. There would be corresponding fluctuations in the exchange rate, but over the long term there would be little trend one way or the other.

against the currency of a country with stable prices. Even if those in charge of monetary policy never looked at the exchange rate and only at domestic monetary variables, success in their policies would ensure that the exchange rate followed a horizontal trend, despite short-term variations on either side.

A flexible rate can thus provide no more than an opportunity for a temporary deviation from the international real interest rate norm. For instance American short-term real interest rates could be well below those of western Europe in 1982-83 because the dollar was regarded as depressed and likely to recover. This temporary deviation may have been useful, as was the UK move to lower short-term interest rates after September 1992. But there was no way either country could indefinitely run a programme of real interest rates below prevailing international rates. If you look at the gap between US and German real interest rates over the years, the differential went first one way and then the other, with a tendency to balance out over the years.

The risks of going it alone should now be pretty clear. For in the situation shown in the chart it would be terribly tempting for the UK - or another European country, suffering from go-it-alone temptations - to let its exchange rate slide just that last bit too long in the mid-1990s. If rulers are unlikely to know enough about monetary relationships to tighten up in time. But a consequence of delay in taking corrective action is that inflationary expectations become reinforced, and high costs entrenched. After that the transitional output and job costs of bringing the exchange rate up to the horizontal line will seem to be (and will be) too high. Thus there will be strong pressures to tread the path of inflation and depreciation shown by the diagonal line.

A more constructive, if at present unworkable, route to a monetary policy for non-inflationary growth would be through resumed international co-operation. The most hopeful path is neither to go back to reconstructing the ERM and constructing ERM as it is, nor to build co-operation around inflation targets alone, as the Bank of England sometimes hints. A better path would be to have a concerted policy towards nominal demand, at least at a European level, and preferably taking in the G7 as well.

By far the best place to begin would be with the European Monetary Institute due to start in January in Frankfurt under Alexander Lamfourey. The official British desire to confine and limit the role of the institute is unworkable and counterproductive. If Europe is to be less dependent on a single anchor country such as Germany, which is not less able to play that role - the ERM is its last best, whether it develops into a European central bank or has to settle for something less glamorous but still playing a vital role.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Japanese nuclear policy increases UK's risk

From Mr William Walker.

Sir, For the first time, a Japanese official has acknowledged that, if Thorp operates, plutonium separated from Japanese fuel will have to be stored at Sellafield (Letters, November 8). While Mr K Kaneko of the Federation of Electric Power Companies of Japan says that it will not remain there "forever", he knows that Japanese objectives cannot now be met without long-term storage at Sellafield.

© GLEN BAXTER '93

expected to produce a further 50 tonnes in the 10 years after it opens in 2001. Add another 5 tonnes from the existing Tokai-mura plant and one arrives at a supply of about 50 tonnes by the year 2010.

The trouble for Japan is that its consumption of plutonium cannot approach this figure. The fast reactor programme that was to have absorbed most of the plutonium has been much delayed, and plans for using the material in conventional reactors are still in their infancy. A surplus of more than 20 tonnes by 2000, and 40 tonnes by 2010, is now probable if reprocessing plans are implemented.

The Japanese government has recently reaffirmed its "no

stockpiling" policy. The great political sensitivity in east Asia about plutonium has led the Japanese government to declare that only a "burning stock" sufficient for current needs will be held on Japanese territory.

The implication is that any surplus will have to remain in Europe until well into the next century. This will be true even if plutonium recycling expands after 2000. Since priority will then have to be given to using the plutonium separated at Rokkasho-mura. Otherwise, stockpiling in Japan will be unavoidable.

If Thorp operates, large tonnages of Japanese-separated plutonium will therefore have to be held in store at Sellafield.

Along with the British plutonium for which there is no use, and the German plutonium which is also likely to remain here, the surplus stock at Sellafield will exceed 100 tonnes soon after the year 2000.

Reprocessing is now the most expensive and risky storage policy imaginable. Instead of leaving the plutonium and radioactive wastes safely stored in spent fuel, they are separated out just to be stored again. How can the government consent to this?

William Walker, Director of Research, Science Policy Research Unit, Mantel Building, University of Sussex, Brighton BN1 9RF

BSI sought 'new breed' of executive

From Dr M D Sanderson.

Sir, Mr Macdonald's letter (November 4) referring to my comments on the proposed changes to the British Standards Institution Royal Charter and their relevance to the recommendations of the Cadbury committee misses the point.

The Cadbury committee took special care to define clearly the respective responsibilities of executive and non-executive directors.

The proposed BSI Royal Charter changes sought to create a new species of corporate animal, the "executive non-executive". Apparently, members of this new species would have the power under the proposed changes to reward themselves financially for services rendered without the normal checks and balances.

These changes were understandably rejected by the subscribing membership of the BSI, representing a cross-section of British industry, at the BSI annual general meeting.

Mr Macdonald may have been a member of the Cadbury committee, but perhaps he should have listened and understood more carefully.

M D Sanderson, chief executive to June 1993, BSI

31 Murray Maus, London NW1 9RH

No order to seize Brazilian mahogany

From Mr Herman Schey.

Sir, The article "Judge orders seizure of UK-bound mahogany" (October 29), by Oliver Tickell, is misleading and inaccurate.

We are concerned that your readers, who include many of our suppliers, customers, bankers and professional advisers, may now be under the impression that we have been involved in an illegal shipment of mahogany from Brazil.

At the time of your article, Tradefink had no "shipment of mahogany half way across the Atlantic". No Brazilian judge ordered the immediate seizure of this shipment, nor had he ordered "the sequestration of thousands of cubic metres of mahogany belonging to C&C".

The last shipment we made from C&C was loaded on October 8 and had already arrived and been distributed in the UK. It was exported from Brazil with the usual valid export licence and necessary export documentation. In terms of The Timber Trade Federation

guidelines for shipments from a non-AEMEX supplier like C&C, we took the additional precaution of insisting on Brazilian certificates of origin guaranteeing that the mahogany did not come from Indian reserves.

The information we have about C&C regarding the judge's ruling on October 18 is that IBAMA, Brazil's environment protection agency, accused C&C of obtaining a mahogany export quota on the basis of false information. The Brazilian judge ruled that all mahogany exports by C&C from Brazilian territory should be halted. He also suspended its mahogany quota and gave C&C five days to respond to the allegations. C&C responded on October 21, vigorously contesting all the allegations made against it, and the matter is still in the hands of the Brazilian courts. In the meantime, C&C continues its business; its export licence has not been revoked. We have suspended

our mahogany purchases from C&C effective October 19 and will review our policy towards it after clarification of its legal position. We do not wish to be seen as fighting for or defending C&C's legal position as this is a matter for the Brazilian authorities. We fully support TTE and its efforts to ensure that mahogany is derived from legal sources. We will take no part in illegally sourced timber from anywhere in the world and always attempt to obtain supplies from well-managed forests.

H P Schey, managing director, Tradefink Wood Products, Tradefink House, 21 Beethoven Street, London W10 4LG

Editor's note: We understand that this report was based on a misinterpretation of the judge's ruling, which contained no order to seize wood destined for Tradefink. We regret this error and apologise for any inconvenience it may have caused.

Commission could halve anti-dumping unit

From Professor Roland Vaubel.

Sir, If Sir Leon Brittan, the European Commission's trade commissioner, wants to double the staff of his anti-dumping unit he ought to be told that predatory dumping presupposes a dominant market share ("Brittan wants larger anti-dumping unit", November 4). If

the Commission confined itself to those cases in which a foreign supplier or a cartel of foreign suppliers has acquired a dominant market share in the Community, it could cut its anti-dumping unit by more than one half.

The condition of a dominant market share is well estab-

lished in EC competition policy. It would also be consistent with the EC anti-dumping regulation. Competition and anti-dumping policy would at least be integrated.

Roland Vaubel, Department of Economics, University of Mannheim, D-68131 Mannheim, Germany

TO: HOI
NOTICE
outstanding
Company
between u
In order k
"bearer D
the certifi
below and
Debenture
Euroclear
the Truste
transmitt
Debenture
Upon recei
acceptable
forward or
may be, as
Corporatio
shares of
conversion
bearer Deb
the instruct
shares of th
Further det
below.
DATED at

Montreal Tr
510 Burrard
Vancouver, 1
(604) 661-94

1.
9
T
(4

Euroclear Op
#4 Rue D'Le
B1000 Bruss
Belgium
(322) 224-25

THEY HAD NEVER BEEN ENTIRELY HAPPY WITH THEIR INVESTMENT MANAGER

Perhaps they should try Cantrade Investment Management Limited. We manage stockmarket investments for over 600 charities, private clients and specialist institutions. Our objective is to achieve for each of our clients the best possible investment return consistent with a sensible degree of risk and administer their funds smoothly and efficiently. Our hallmark is the provision of a genuinely personal service at senior level in the firm for all clients.

**CANTRADE
INVESTMENT
MANAGEMENT
LIMITED**

A NAME TO KNOW.

125 HIGH HOLBORN, LONDON WC1V 6PY.
(A Member of the Union Bank of Switzerland Group)
Telephone: 071-242 1148. Fax: 071-831 7187
A Member of IMRO.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Thursday November 11 1993

Europe by any other name

JONATHAN SWIFT would have been richly rewarded by the contending western European governments as they perform the 12-nation grouping just reborn under the Maastricht treaty. Just as in Gulliver's Travels the rulers of Lilliput and Blefuscu fought for decades over whether they should crack their eggs at the big end or the little end, the leaders of late-1993 Europe are spreading confusion over the small matter of a name for their remoulded organisation. Is it still the European Community - grown from the 1957 Treaty of Rome and responsible for 35 years of deepening economic and political integration? Or is it something new, with ambitions that sound grander and vaguer - the European Union?

The legalistic answer is that it is both. Maastricht created a hybrid in which the old European Community coexists with a new framework for co-operation between its individual sovereign governments, within the European Union. When its members discuss matters that fall within the parameters of the Treaty of Rome, such as trade, they are the EC. When they talk about new areas of co-operation under Maastricht - foreign and security policy, justice and home affairs - they are the EU.

Confused? You are not alone. Even the organisation's own foreign ministers have already found difficulty in following this fine distinction to the letter. Deciding when they should switch EC hats for EU ones in the Council of Ministers this week looked like

becoming the diplomatic equivalent of determining how many angels can dance on the head of a pin. Small wonder that they decided to rename themselves the Council of the European Union, regardless of whether they are discussing EC or EU business.

In doing so, they (like Maastricht) peeped over fundamental disagreements between governments concerning the nature of their enterprise. "Federalist" ministers could go away crowing that the cause of Union had been advanced by one glorious centimetre, even though the EU enjoys no "legal personality". Scottish such as Britain could protest that they had not bridged one inch from their insistence on co-operation case by case.

That still leaves the problem of what mere mortals are to make of it all. To listen to the British government sometimes, you would think it was still more appropriate to call the EC/EU the Common Market, when it has long since been something substantially more than that. The Euro-priests, on the other hand, invest the nomenclature itself with almost mystical powers, as if to think Union means that it is.

This newspaper has no easy answer to the conundrum, but in order not to sow daily confusion, we have to choose. As the opening words of the treaty state: "The high contracting parties establish among themselves a European Union, hereinafter called 'the Union'." The FT will take the union's heads of state at their word: European Union it is.

Rescue culture

ONE OF the consequences of monetary mismanagement in Britain is that the potential equivalent of Germany's Mittelstand - the powerful small to medium-sized business sector - is invariably throttled whenever the economy takes an excessive downward lurch. The process is made worse by insolvency procedures that often give senior creditors little incentive to keep troubled companies in business. While the 1986 Insolvency Act sought to bring more flexibility to the process through company voluntary arrangements and company administration orders, these have been underused in the recession. A new attempt by the government's Insolvency Service to explain this failure is thus welcome, and its proposed solutions appear well-judged.

Insolvency practitioners have long argued that the problem with company voluntary arrangements, which were designed to help the smaller companies that account for the great majority of insolvencies, is that a company has no protection from creditors once it has informed them of the need for negotiations. A breathing space is clearly needed and the Insolvency Service's report proposes a 20-day moratorium, binding on all creditors. This would take effect immediately a notice of a prospective voluntary arrangement had been filed and would be supervised by a nominee who would be a member of a regulated profession. The report goes on to recommend some changes in the rules for com-

pany administration orders, designed to remove some of the more forbidding obstacles to this form of attempted resuscitation.

More radical ideas come in the form of requests for comment rather than specific proposals. The difficulty of obtaining funding in the course of a corporate rescue is addressed, for example, with the suggestion that super-priority over other creditors might be granted to the financier who advances money in the course of a company voluntary arrangement. The report also hints that the balance between the interests of secured and unsecured creditors may not be right, by asking whether the rights of those who have a floating charge over a business should be removed, allowing them to appoint an administrator only.

This goes to the heart of the problem of creating a rescue culture in Britain, because it implicitly addresses the clash of interests between different classes of creditor for whom the survival of the company as a going concern is a matter of varying importance. If the banks are to forfeit some of their existing rights as senior creditors, they will no doubt extract a price. There are also limits to what flexible insolvency laws can do if the directors approach their creditors too late. But a tilt in the balance of power between secured and unsecured creditors may be an essential step towards saving more good businesses from bad financial structures. The Insolvency Service deserves a positive response.

Cocom's future

No system of export controls can guarantee to stop countries with the will to establish large and sophisticated arms industries from carrying out that aim. Restricting supplies of technology to countries which the international community wishes to prevent from producing atomic, bacteriological or chemical weapons can, however, act as a considerable disincentive to such activities. During post-war decades the 17-nation Coordinating Committee on Multilateral Export Controls (Cocom) controlled access to western technology to the former Soviet bloc as a means of hampering its military capability. Four years after the Berlin wall fell, Cocom's membership and objectives need radical redefinition. The US and its allies are due shortly to conclude talks on creating a successor.

During the 1980s, Cocom restrictions were frequently the focus of commercial and ideological differences between the US and Europe. In a post-cold war world, pooling flows of sensitive know-how and components has become still more difficult and controversial. However, a new Cocom which can reduce arms proliferation is in the interest of international stability. There is no shortage of impediments. The east-west line which separated friend and foe into easily definable power blocs has disappeared. Underpinned by the weapons programmes of countries like Iraq, Pakistan, Libya or North Korea, the list of suppliers and potential users of military technologies has grown longer and more

diffuse. China - treated leniently by Cocom, and now a supplier of more sophisticated and deadly weaponry to the Third World - may prove impossible to bring into a new system.

For the west, however, the key aim of the new Cocom diplomacy is to persuade Russia and other ex-Soviet republics to participate in enforcing new arrangements. Otherwise, parts of their armaments capabilities will increasingly migrate to other still more unstable regions. The US hopes that relaxing remaining restrictions on exports to the former Soviet Union will persuade erstwhile Cocom poachers to become gamekeepers. But the west will need to provide former Soviet republics with more help to improve controls of porous borders.

The Cocom system has already undergone change. Contacts between governments on regulating exports with uses in nuclear and chemical weapons and ballistic missiles include links with both Russia and China. The new Cocom organisation can achieve better coordination by pinpointing which countries are deemed as threats in particular sectors. The technologies subject to embargo will need to be limited as tightly as possible to those with clear-cut applications in weapons of mass destruction. Export controls are an essentially defensive method of combating proliferation. They should not be used to impede the economies of countries of which the west disapproves.

Two months ago, the Cummins Engine company closed down an assembly line in its Mexican subsidiary. With output of the assembled truck engine one tenth of that in its US factory in Columbus, Indiana, Cummins Mexico could not compete against its US parent, and production was moved north.

Since Mexico tore down trade barriers in the mid-1980s, Cummins' subsidiary in Mexico has seen a trade balance in engines with the US turn into a trade deficit of four to one. The company now produces only one heavy engine in Mexico even this might go when the country's remaining trade barriers are dismantled, says Mr Steve Knaebel, president of the Mexican subsidiary.

US critics of the North American Free Trade Agreement, to be voted on by the House of Representatives next Wednesday, say the treaty will encourage US companies to move to Mexico in search of cheap labour. But as the Cummins case shows, Mexico's low productivity makes large parts of its economy vulnerable to competition from the US.

"The US is already competing against countries which have much lower wages than Mexico, while many parts of Mexico's economy are still heavily protected," says Daniel Oksa, World Bank economist. "I am not convinced Mexico is well prepared for competition." He foresees bankruptcies and job losses in sectors that cannot hold their own with US rivals - capital goods, for instance - if Nafta passes.

This gloomy view has gained ground as Mexico's economy has stagnated. Gross domestic product grew by just 1.3 per cent in the first half this year, and 23 of the 49 manufacturing sectors tracked by the Inegi, the government statistics institute, were in recession. Even though the economy is sluggish, Mexico is set to run a worryingly high current account deficit of 8 per cent of GDP this year.

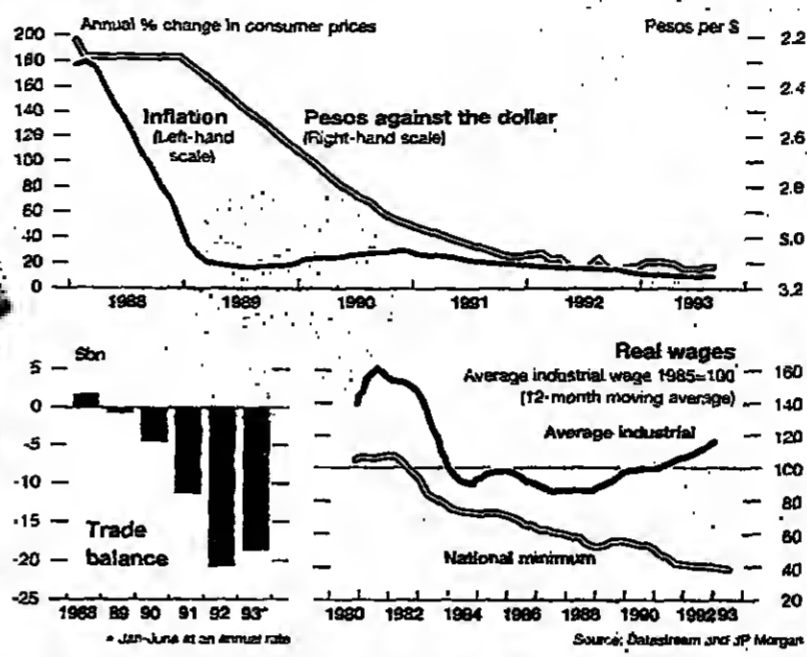
Some Mexican businessmen, who until recently have been almost unanimous in their support for Nafta, have begun to see the treaty's disadvantages. Lorenzo Servadei, a prominent businessman and the billionaire president of Rimbo, Mexico's bread maker, complained at a business conference in Cancun that Mexico's abrupt trade liberalisation "has not taken into consideration that restructuring must be a gradual process, and has failed to appreciate the limitations of our economic structure".

Under Nafta, Mexico would sacrifice its high protective tariffs, which average about 10.3 per cent, but which rise higher on some goods. The average US tariff on Mexican goods is just 4.5 per cent. More significantly, Mexico would

Nafta will not solve the deep-seated structural problems facing the Mexican economy, says Damian Fraser

No such thing as a free treaty

Mexico: up against the dollar



open up to free trade and investment certain sectors that have been fully or partially protected from competition for decades - cars and car parts, banks, agriculture, and government procurement, among others. The US economy, bar a few minor exceptions, is open to Mexican imports and investment.

US critics of the treaty claim Mexico has one significant advantage: low wages. But wages are not as low as some argue, and in dollar terms have been growing faster than productivity. While Mexico's minimum wage is \$4.20 a day, only 16 per cent of workers earn this amount. Average pay plus benefits in manufacturing is \$4.50 an hour, according to government figures.

The World Bank has calculated that labour costs in Mexico are about a fifth of those in the US, but that productivity is about a quarter of the US level. Since last year, when the figures were calculated, Mexico's peso has appreciated in real terms. Mr Oksa of the World Bank says he doubts that there is any average cost advantage to

doing business in Mexico compared to the US.

The Mexican government under President Carlos Salinas has pushed strongly for Nafta in the belief that free trade and the new foreign investment drawn by the treaty will raise low productivity levels. New investment and greater efficiency is expected by many economists to be a product of the treaty.

"Nafta will reinforce reforms and boost foreign confidence in the Mexican economy. Mexico should continue to be able to attract \$20bn of foreign investment a year without problems," says Mr Jeffrey Scott, a fellow at the Institute for International Economics in Washington. "A defeat would lead to a cut in those flows."

Many foreign investors in Mexico's stock and money markets have been betting on Nafta. By noon yesterday, the market was up 4.2 per cent on the day, stimulated by renewed optimism over the treaty. But earlier signs that it might be rejected by the US Congress had sent the peso tumbling by

almost 4 per cent on Tuesday, thus threatening the government's policy of a strong exchange rate and price stability.

Even if Nafta does spur new investment, as many supporters predict, it is unlikely to be evenly spread. Some sectors - cars, parts of the textiles industry, fruit and vegetables, glass - whose productivity levels compare favourably with those in the US - are likely to prove attractive to foreign investors, but others - basic grains such as corn and wheat - are not because they are inefficient and unmodernised.

Mexico's biggest competitive disadvantage is the relatively small size of its industrial operations compared with those in the US. Like Cummins, many US companies built factories in Mexico to avoid high tariffs or other trade barriers. But with tariffs on the verge of falling further, some companies have found it makes more sense to export spare capacity from the US rather than to maintain costly plant south of the border.

For instance, General Motors

announced this year that it was going to move production of the Cavalier car in northern Mexico to Lansing, Michigan, where economies of scale have made costs lower. Quality Coils, a US company that makes electro-magnetic coils, decided in April to move its factory from Ciudad Juarez to Connecticut after it found Mexico's low wages did not offset lower productivity.

A further obstacle to Mexican productivity and thus its ability to capitalise on Nafta is its crumbling infrastructure, lack of qualified managers, and untrained workers. "It's not as simple as wages being one-fifth of those in the US - let's go to Mexico," says Mr Joseph Donahue, senior vice-president of the US subsidiary of Thomson, the French electronics company. "You have to ask, 'Can I buy the tools, where are the managers, what are transport costs, and other things?'"

Mr Donahue says it is hard to find a good manager in Mexico, and when you do, "he will have 10 job offers". Mr Knaebel, of Cummins, points to truck journeys that take 40-50 per cent longer in Mexico than in the US as a disincentive to foreign investors.

While Mexico is building new private toll roads, the cost of the tolls for many businesses is prohibitive. These and other impediments to business - notably high credit costs and an unreliable legal system - may explain why the country has had only limited success in attracting direct foreign investment since liberalising investment regulations in 1989. Since then, Mexico has received a total of \$33.1bn in new investment, but only about half of that has been direct investment in plant and machinery. Much of it has been in the service rather than the export sector.

President Salinas proposed Nafta in 1990 to draw foreign money into the country. If the treaty fails, his government will have little choice but to proceed with economic reforms in the faint hope that Mexico will draw the necessary investment from Europe and Japan. The government plans to apply for membership of the Organisation for Economic Co-operation and Development next spring, and is likely to approve a more liberal foreign investment law later this year.

"Though the treaty may succeed in persuading US companies to invest in Mexico, competition will prove a nasty jolt for many industries. Deep-seated structural problems will remain, whether or not Nafta passes. Mr Jesus Reyes Heróles, an economist who heads the economic consultancy GEA, says: "If Nafta does not pass there will be a problem next year. If it does, the troubles start in 1995."

Big guns come to town

John Willman on England's relaunched urban renewal agency

however, by the appointment of Lord Walker, the former cabinet minister, as chairman of the new agency. As secretary of state for Wales between 1987 and 1990, he had converted his job into a high-profile, one-man inward investment agency. Appointed by Mr Heseltine, Lord Walker looked increasingly uncomfortable in the more constrained role envisaged for him by his new political masters.

Yesterday's launch showed that it is the vision of Lord Walker and Mr Heseltine that has prevailed. English Partnerships will be more of a development agency than a body devoted to clearing contaminated inner-city sites.

Even the choice of title - dropping the "urban" and assuming responsibility for the whole of England - indicates that the balance of argument has swung back to those who see a far-reaching role for the new organisation.

Lord Walker is clear that he is as much interested in winning inward investment as in clearing derelict land. "Inward investment has trans-

formed the British economy in some sectors," he told the FT in an interview yesterday. "My view is that in the next five years, there is going to be the biggest flow of inward investment into Europe ever seen, and this agency can make a contribution to ensuring that a share of that comes to the UK."

Lord Walker also makes clear his desire to work closely with local authorities at all political levels, after a period in which much Whitehall spending has been directed through local quangos to bypass councils. "Local authority co-operation is very important to us, and we will want to have a good relationship with them. That will make it easier to get things done quickly and more effectively."

Ministers were unwilling at yesterday's launch of English Partnerships to disclose its funding for next year. With the urban programme already cut from £1.7bn this year to £1.4bn next year, there is keen interest in knowing whether the new quango will start under straitened circumstances.

Lord Walker is less coy, saying that he expects the total - to be announced in the unified Budget at the end of the month - to be between £250m and £300m. If that is so, English Partnerships will have much the same to spend next year as this.

And Lord Walker says that he is quite content with what he has so far been offered. "It is plenty for year one. I will be able to assess what the need is and then go to the government and say what I think is a sensible figure for the next three years. There will be arguments over the amount of money, but I will be able to say that it will produce this level of economic activity and that it is in the Treasury's interest to put that amount of money in."

A strong card in Lord Walker's hand in such negotiations will be the amount of private investment English Partnerships succeeds in leveraging in, or attracting, with its budget. "Some projects involving the clearance of land will produce no such additional investment," he says. "But in others, I expect public



Walker: his vision has prevailed

investment to lever in up to nine times as much private investment." None of this will happen quickly - and Lord Walker is anxious that English Partnerships' success is not judged too soon. "There will be no impact on regeneration next week or the week after," he says. "But I expect to see a real impact after three or four years."

OBSERVER



"If you don't feel able to talk to a woman, you can talk to me" Throgmorton Street is not trying to spoil Liff's fun?

OMLX boss Lynton Jones, himself an old stock exchange hand, is more interested in what potential customers will think. "The question is whether they are Pro-Liffe or Pro-Choice," he quips.

Battle-ready

The search is on for a new general secretary of the Society for Practitioners of Insolvency following the abrupt resignation of the incumbent after only nine months in the job. Indeed, Edward Lowndes has already left - not just

the organisation but also the country, partly, it would seem, because he was fed up with the bitter rivalry between the society, which has become the public face of insolvency practitioners, and the rival Institute of Practitioners of Insolvency, which licenses them. Clearly he prefers a more peaceful life. He has taken up a job as administrator to the United Nations peacekeeping forces in Sarajevo.

Currency juggling

Talent spotters at this Saturday's Lord Mayor's show in London might want to keep an eye open for exhibit number 20 - the Bank of England's horse-drawn float. The Bank, which does not normally participate in such frivolous events, is making an exception to mark its 300th birthday next year. Observer hears that the Bank's contribution to the festivities include dozens of staff who have been specially trained to juggle brightly coloured currency symbols. Would be much more fun if they were throwing away old 25 notes.

Main chance

China's public relations record in its future colony may be less than perfect, but Beijing's *de facto* embassy in Hong Kong, the Xinhua news agency, seems to think it can sell its services commercially. For Xinhua is taking time off

from flinging verbal mud at governor Chris Patten to set up a subsidiary PR agency, Fortune China. Subtly having not exactly been its strongest suit, the agency at least forgoes from selling itself on the basis of its expertise. But a spokesman claims that "good credibility and connections (will) attract a swarm of overseas companies eager to exploit the huge mainland market".

Perhaps Patten should reveal his grasp of capitalism Hong Kong-style and follow suit. With his new-found expertise in crisis management he would definitely have services to sell, though his connections may have a more limited lifespan.

The No's have it

Full marks for trying. Retired bus driver Ken Clark, 79, has just conducted a telephone survey of fellow pensioners in Lewisham and found that 10 out of the 10 Ken Clark's he contacted are against the government's plans to impose VAT on domestic fuel. Lucky for Ken that Norman Lamont is no longer Britain's chancellor of the exchequer. As it is, he had to fiddle his figures a bit by counting all the Clarks, whether or not their surname was spelled the same way as the current chancellor. But then even this government fiddles its figures from time to time.

Lawrence's stock in trade

Perhaps it is just a coincidence, but Michael Lawrence, the new chief executive of the London Stock Exchange, has followed the same sort of career path as his luckless predecessor, Peter Rawlings.

Both have spent the bulk of their careers in big accountancy firms and tested their business skills in the insurance industry. Rawlings, ex-Arthur Andersen, came from insurance broker and Lawrence, ex-Price Waterhouse, was hired by the Prudential as its first finance director as recently as 1983.

However, there the similarities end. Lawrence is a good deal older, and hopefully wiser, than the abrasive Rawlings and has first-hand knowledge of the problems of the stock exchange's customers. He was an outspoken critic of the stock exchange's Taurus settlement fiasco. His connections as chairman of the 100 group of top finance directors also mean that he will be listened to in boardrooms that matter.

That said, it is unusual for an accountant cum insurance man to take such a risk with his career. After all, there could be very little left of the stock exchange in three years, whereas if he stayed at the Pru he might have been in the running to succeed Mick Newmarch as group chief executive. Perhaps he decided that the Pru

would never appoint two non-accountants in a row to the top job there.

Lingua obscura

Hard to believe that Unigate's chief executive, Ross Buckland, hails from Australia, supposedly the home of blunt, no-nonsense sorts. Talking about his company's half-year results yesterday, he admitted that one activity had "negatively impacted profitability". Did this mean that it had made a loss, he was asked. "Yes," said Buckland, adding that he thought he "had worded it rather well..."

Jones keeps up

Why has the London Stock Exchange swallowed its reservations about the dangers of fragmentation, and allowed London's established derivatives exchange Liffe and the Swedish-owned tiddler OMLX to have a go at trading derivatives based on the FT-SE 100 250 equity index?

Both exchanges had wanted an exclusive licence, and it had been more or less assumed that Liffe would win it. But a degree of mutual suspicion appears to persist between the stock exchange, on the one hand, and Liffe, which now trades the equity derivatives that the exchange itself failed to get off the ground, on the other. Surely

Serbian president shrugs off effects of 2,000 per cent monthly inflation Milosevic puts gloss on grim news

By Laura Silber in Belgrade

"BUT who else?" is the brazen electoral slogan for the ruling Socialists of Serbian president Slobodan Milosevic, as 2,000 per cent a month inflation plunges Serbia into poverty.

Mr Milosevic last week boasted how "the Serbian economy, in spite of the draconian embargo, is faring even better than countries which receive economic aid".

But even Mr Milosevic's optimistic remarks can no longer mask the impoverishment of the country's 9.8m inhabitants.

While the Serbian president hails United Nations sanctions for economic collapse, the country's coffers have been emptied to pay for Serb armies in Bosnia and Croatia.

The monthly average wage has fallen below DM10 - which buys

one kilo of meat. Serb officials claim that 70 per cent of economic activity is in the grey market, eluding tax collectors. Faced with a huge budget deficit, the cash-hungry government has flooded the market with dinars in order to boost hard currency reserves.

In the most recent effort to lure people into converting their dwindling hard currency savings, the government 10 days ago lifted a three-month ban on converting hard currency through giro accounts - at a premium rate of up to twice the black market rate. On Tuesday, however, the government devalued the dinar by 98.5 per cent and made giro payments illegal.

In the crucial run-up to parliamentary elections, set for December 19, the Socialists are keen to put a gloss on the grim economic picture.

They need to increase pensions and wages, decimated by inflation, and return basic staples to grocery store shelves.

Belgrade is also paying more than 1m workers sacked when their factories shut because of the break-up of the Yugoslav market and the sanctions.

The powerful state television will persuade Serbian citizens that there is no alternative to the Socialist party: a pitch borne out by the failure of the quarelsome and disorganised opposition to pose a coherent challenge.

The ultranationalist leader, Mr Vojislav Seselj, his lone political challenger, is being systematically discredited. A paramilitary commander who last year was accused of war crimes by the US, he achieved widespread popularity as the leader of the second highest political party.

At that point, his meteoric rise

to power was aided by both the state television and by Serbia's secret police. But after the collapse last month of his unofficial alliance with Mr Milosevic, Mr Seselj became the target of a smear campaign orchestrated by the state-controlled media and the secret police.

At the same time, the same forces are creating a new satellite, the Serbian Unity party of Mr Zeljko Raznatovic, alias Arkan, a renowned boss of Belgrade's mafia, in order to capture the extremist vote for Mr Milosevic.

Photographs of Arkan, sought by police in several western European countries and commander of a paramilitary unit accused of brutal crimes in Bosnia, are plastered on the streets of Belgrade. They are not wanted posters, but advertisements for his election campaign.

Lamfalussy urges credible, sustainable policies to influence currency markets Euro-bank chief steps softly, softly

By Andrew Hill in Brussels

THE MAN who will be keeping an eye on the next phase of European economic and monetary union yesterday got his first look at the people who will be keeping an eye on him.

Mr Alexandre Lamfalussy, the Belgian president-elect of the European Monetary Institute, the forerunner of a European central bank, was quizzed by members of the European parliament, revealing in their new powers to vet important institutional appointments in the European Union.

But while the deputies blustered through the three-hour session, Mr Lamfalussy remained unruffled, like a grey-suited

Mahatma Gandhi, softly preaching a policy of passive resistance to currency speculators and imprudent finance ministers.

Mr Lamfalussy, who will launch the Frankfurt-based EMI in January, renounced weapons such as capital controls and central bank intervention. "I think the only way to influence the market is [with] the credibility and sustainability of policies," he told the MEPs. "Credibility leads to [exchange rate] stability."

Were current government economic policies credible? Mr Lamfalussy refused to be drawn, but he noted some positive effects on the European recession: "Whether government policies were deliberately wise or

whether they were just lucky I don't know, but the result isn't too bad."

It was too soon to consider reforms to the discredited European exchange rate mechanism, he said. As a result, Mr Lamfalussy said it was "improbable" that the European Union would meet the Maastricht treaty's target of EMU by 1997. Instead, a few of the strongest EU economies would probably press on with monetary union in "jumps", rather than pursuing an unworkable "gradualist" approach.

Mr Lamfalussy told MEPs the EMI would have a staff of some 200 people. They would help him act as an impartial "honest broker" between independent central banks. But certain MEPs seemed unconvinced that Mr Lamfalussy, a Belgian baron and distinguished central banker, would have a real influence over street-fighting national finance ministers.

Given that the EMI is charged only with monitoring and advising on monetary co-ordination, would Mr Lamfalussy's appointment really change anything?

The central bankers' central banker smiled inscrutably. "I'm not representing any of the central banks, nor indeed any of the countries, and that will make quite a substantial difference," he said. The MEPs approved his candidacy unanimously.

US agrees next stage of Concorde project

By Paul Betts, Aerospace Correspondent, in Dubai

THE US has given the go-ahead to the next stage of the programme to build a supersonic airliner to replace the ageing Anglo-French Concorde.

The National Aeronautics and Space Administration will start work next year on the second phase to develop the aircraft, propulsion and systems technologies over seven years at an expected cost of \$1.2bn, Mr Lewis Williams, NASA's director of high speed research, said yesterday at the Dubai Air Show.

The aircraft, planned to enter service early in the next century, will have twice Concorde's 3,000 nautical mile range, carry 300 passengers - three times Concorde's capacity - and operate at close to standard subsonic air fares.

Nasa began research in 1990, evaluating environmental considerations, including atmospheric effects, nitrogen oxide engine emissions, noise and sonic boom. That first phase, costing about \$400m, has shown the aircraft to be "environmentally compatible", said Mr Williams.

"We had to ensure that the

environmental issues could be resolved before embarking on the second stage of research," he added.

Although other government agencies, aircraft manufacturers and engine-makers elsewhere are collaborating on the supersonic aircraft study, the US appears to be taking a far more active role in research. Nasa's annual high-speed research budget has just been increased from \$117m this year to \$197m in 1994, although the agency had asked for \$187m for next year.

The US is keen to catch up with the European aerospace

industry's expertise and experience in supersonic airliner development through Concorde. However, any future aircraft, is expected to involve broad international co-operation because it is widely accepted that the market will bear only one programme.

Mr Williams argued that a 300-seat supersonic aircraft offering passengers fares similar or slightly higher than for subsonic travel would compete effectively against the new 600-seat subsonic super jumbo conventional airliners which the aerospace industry is now studying.

Speed-up of HK talks sought

Continued from Page 1

ish officials see the next round of talks beginning November 19 as a key test of Beijing's willingness to reach an agreement.

Mr Hurd said Mr Christopher Hunt, the senior foreign office official responsible for the Far East, will lead the British side in

the next round. He will stand in for Sir Robin McLaren, the ambassador in Beijing, who had an operation this week on his back and will be out of action for some weeks, officials said.

Britain wants to double the frequency of the talks to a round per week. Mr Patten said room for manoeuvre was very limited.

EC steel plans in deadlock

Continued from Page 1

fortnight ago. "We went as far as we could to persuade the Italian authorities that this was the end of it as far as the Commission was concerned."

But Mr Van Miert sounded more optimistic about the possibility of altering the Treuhand

privatisation agency's plan to sell off 60 per cent of the east German steelmaker, E.ON Stahl.

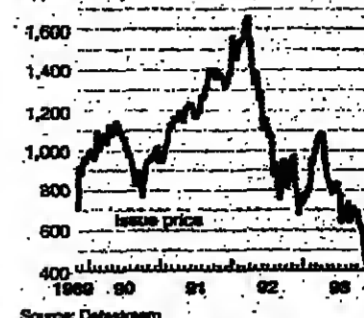
He and Mr Martin Bangemann, the industry commissioner, last night met Mr Günter Rexrodt, German economics minister. Mr Rexrodt said he would try to find some more capacity cuts before next week's ministerial meeting.

THE LEX COLUMN Disney's big dipper

FT-SE index: 3098.5 (+2.5)

Euro Disney

Share price (pence)



Source: Datastream

The real world keeps intruding on Euro Disney's fantasy. Yesterday's decision to change its accounting policies is a clear indication that the decks are being cleared for a fresh injection of equity. By charging start-up costs directly to the profit and loss instead of capitalising them on the balance sheet, the company is saving future depreciation. The returns to any future investors will thus look greater, even if the immediate result has been to decimate the balance sheet. Under US accounting standards, net assets per share work out at little more than FF12. Shame on those who fought for the mandate to sell the paper to investors at 70p in 1989.

Euro Disney's new management is applying itself with noble persistence to the task of boosting the project's revenues. But it faces two daunting obstacles. The first is that by cutting prices and adding facilities it is diluting the operational gearing that comes into play with increased attendance. The second is that the project can never generate enough cash to service its FF21bn debt. Even with the help of eventual economic recovery and a weaker French franc, it is hard to see Euro Disney supporting more than half that amount.

The equity injection will thus need to be at least FF10bn to FF11bn, which puts Walt Disney on the spot. Without its support the project may simply close, causing irreparable damage to the Disney name. But the amount is large for it to shoulder on its own. One solution might be to seek a trade partner who might find use for the excessively lavish hotels, perhaps by adding conference facilities. In the absence of a second park, the surplus hotel capacity is certainly a heavy drag. A more scary thought is that, having squandered the proceeds of its flotation, a restructured Euro Disney might come back to the market for more. That, as they say, is show business.

National Power

It is strange that the stock market should take the downturn message from National Power so seriously. The sharp fall in market share in the first half was partly due to the company's tardiness in building new gas-fired plants. The decline will be much less pronounced from here on. Since the regulator is deciding whether to refer the generating monopoly to the Monopolies and Mergers Commission, National Power has an incentive to err

Unigate

Unigate continues to make useful progress rationalising its illogical collection of businesses. Though dented by the release of provisions and a gain from a pension revaluation, Unigate's rise in headline profits represents an encouraging performance in tough conditions. Buying dairies on the cheap and squeezing extra volumes out of reduced capacity is proving an effective strategy to combat margin

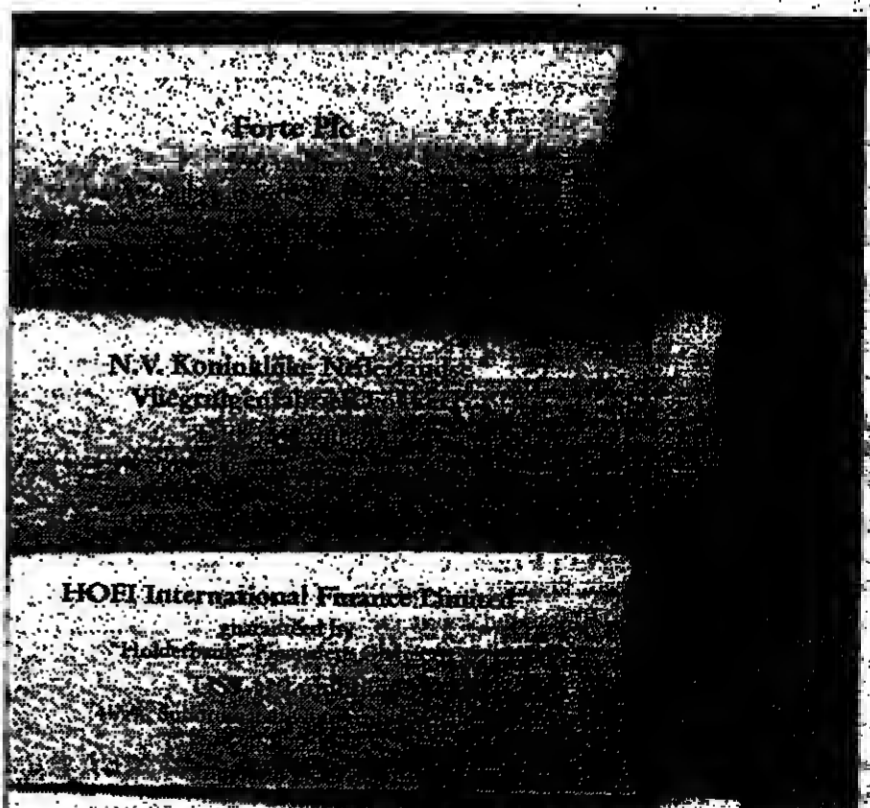
pressures - in the short term at least. Unigate's shares will continue to be underpinned by their 8.5 per cent yield. But the company's 40 per cent outperformance of Northern Foods this year is beginning to look a little excessive. Northern has attractive investment avenues in which to divert the funds milked from its dairy cash cow. Unigate still lacks a viable recipe for sustainable earnings growth. With the grocery chains soon likely to apply the squeeze to commodity producers, the market appears to be giving full-circle in believing branded goods manufacturers are best placed to resist their fatal embrace. But that will hardly be in Unigate's best interests. The success of Unigate in grabbing a big share of UK yoghurt sales illustrates how vulnerable Unigate remains on that score.

News Corporation

Mr Rupert Murdoch has barely got a foot wrong recently, as his latest burst of deal-making and the 40-fold increase in News Corporation's shares since 1991 testify. But he tried to do something nasty yesterday as News reported a 5 per cent fall in first-quarter operating profits and the counter-very restructured over its plans for a new class of super voting shares with a discussion paper from the Australian stock exchange. News's book publishing profits were weaker and problems grew at its free-standing insert division. But the real hit came from its price-cutting campaign in the UK, where newspaper profits slid 15 per cent. Thanks to his non-executive directorship at Philip Morris, Mr Murdoch has had a ring-side seat watching similar pricing punch-ups in the US. But Murdoch's assault has led to a fearful bruising and US cigarette prices now appear to be edging up again. The smokescreen grows that any imposition of VAT on newspapers would cloak restorative price rises on its UK titles.

The Australian stock exchange is trading gingerly over News's share proposals. It may worry that if it blocks the scheme, its second most heavily traded stock will switch its listing to the US. But that is no reason to concede a point of principle. Besides, News can hardly count on an ecstatic reception in New York. Cautious critics of the share proposal. Moreover, there was heavy selling of News's ADRs after disappointment grew with its first-quarter results.

When it comes to convertibles, our record speaks volumes.



Given UBS's record in the market, it is easy to take successful issues for blue-chip European corporates like these for granted. But the fact is that all of these issues required a combination of many strengths: in understanding the company and its attractiveness to the market, in judging the strength of domestic and international demand, in committing capital when the timing is right (two of the three were bought deals) and, of course, in distribution. And, perhaps, one more strength which you can take for granted from UBS - a commitment to continuing support, after the issue, with liquidity in the aftermarket. In large European transactions, UBS has the proven skills to ensure a successful outcome.



UBS Limited acted as lead or joint manager in the issues featured above. UBS Limited is a member of The Securities and Futures Authority. This advertisement appears as a matter of record only. UBS, 100 Liverpool Street, London EC2M 2HT.

By M in Wi

THE infla: despi const. Th: which ures incre: per c costs raised Octob. The inflati again: ber. The sume: except: price l. The p finishe cent is: Bonx many the dr would sumer. Takl ures tr: tion is William

C re

By Bern CANAL govern ground federal l are sug could r (\$20.8bn: ing Mar to the dicted la ous Con. Estima cit are e upwards ected CS. Analys stons of l be follow from sev lices tha meet bud

TO: H NOTIC outstan Compai in orde "bearer the cert below a Debutu. Eurocke. the Tru: transmi Debutu Upon re acceptat forward may be, Corporat shares o conversi bearer D: the instr: shares of Further d below. DATED:

Montreal 510 Burras Vancouver (604) 661-

Euroclear #4 Rue D' B1000 Br Belgium (322) 224-

WORLD WEATHER

Europe today

A depression south of Norway will cause rain over southern Scandinavia, Germany, the Alps, northern Italy and south-eastern France. Showers developing in cold air over the Atlantic will move into Ireland and Scotland. Sunny periods will occur in England and Wales as well as France and northern Spain. A few local showers, some with hail, will develop over the Low Countries. The Mediterranean will be mainly sunny. A strong high pressure centre over Russia will bring cold air into the northern Balkan states and Poland where temperatures will remain below freezing. Snow showers will develop along the west coast of the Black Sea. Bulgaria and the former Yugoslavia will have overcast skies and rain.

Five-day forecast

A series of Atlantic depressions will produce heavy rain in north-west Europe, particularly over the weekend. Spain and Portugal will be calm and mainly sunny owing to a ridge of high pressure. A small but active low will cause heavy showers over south-eastern Europe this weekend. Temperatures will continue to be below freezing over extreme eastern Europe.

TODAY'S TEMPERATURES

Location	Maximum	Minimum	Weather
Abu Dhabi	31	24	sun
Accra	31	24	sun
Algiers	24	15	sun
Amsterdam	8	5	sun
Athens	15	8	sun
B. Aires	30	20	sun
B. Ham	17	10	sun
Bangkok	35	25	sun
Barcelona	17	11	sun
Beijing	11	7	sun
Cardiff	7	5	sun
Chengdu	13	8	sun
Cairo	27	18	sun
Dakar	27	18	sun
Dallas	27	18	sun
Dhaka	27	18	sun
Dubai	31	21	sun
Dublin	17	10	sun
Dobruvnik	16	10	sun
Edinburgh	16	10	sun
Faro	21	14	sun
Frankfurt	13	8	sun
Glasgow	13	8	sun
Hamburg	13	8	sun
Helsinki	13	8	sun
Hong Kong	21	14	sun
Honolulu	27	18	sun
Istanbul	27	18	sun
Jersey	13	8	sun
Karachi	27	18	sun
Kuala Lumpur	27	18	sun
L. Angeles	27	18	sun
Las Palmas	27	18	sun
Lima	27	18	sun
Lisbon	27	18	sun
London	13	8	sun
Luxembourg	13	8	sun
Lyon	13	8	sun
Madeira	13	8	sun
Madrid	13	8	sun
Manila	27	18	sun
Mumbai	27	18	sun
Nassau	27	18	sun
New York	27	18	sun
Nice	27	18	sun
Nicosia	27	18	sun
Oso	27	18	sun
Paris	27	18	sun
Penn	27	18	sun
Prague	27	18	sun
Rangoon	27	18	sun
Reykjavik	27	18	sun
Rio	27	18	sun
Riyadh	27	18	sun
Rome	27	18	sun
S. Francisco	27	18	sun
Seoul	27	18	sun
Singapore	27	18	sun
Stockholm	27	18	sun
Strasbourg	27	18	sun
Sydney	27	18	sun
Taipei	27	18	sun
Tangier	27	18	sun
Tel Aviv	27	18	sun
Tokyo	27	18	sun
Toronto	27	18	sun
Tunis	27	18	sun
Vancouver	27	18	sun
Vernice	27	18	sun
Vienna	27	18	sun
Warsaw	27	18	sun
Washington	27	18	sun
Wellington	27	18	sun
Winnipeg	27	18	sun
Zurich	27	18	sun

Frankfurt. Your hub in the heart of Europe

Lufthansa

German Airlines

INTERNATIONAL COMPANIES AND FINANCE

Hoechst may cut dividend again after 40% decline

By Christopher Parkes in Frankfurt

SHAREHOLDERS in Hoechst, one of Germany's big-three chemicals groups, may face a further dividend cut this year following a 40 per cent earnings decline in the first nine months to DM924m (\$543m), chairman Mr Wolfgang Hilger hinted yesterday.

The company was likely to withdraw from unprofitable businesses if conditions did not improve, he said.

Although he gave no further details, he said he was particularly unhappy about the European fibres business and polypropylene manufacture.

The size of the 1993 dividend would depend on developments in the final quarter and the early part of the new year, he added.

However, October had not lived up to expectations, prices were still unsatisfactory and there had been no change in incoming orders. The payout last year was cut to DM9 from DM12 a share.

The group said domestic business was not expected to deteriorate further, and sea-



Wolfgang Hilger: payout depends on developments in final term

sonal improvements were likely to lift pharmaceuticals operations in north America.

In a gloomy review of the year to the end of September, Mr Hilger highlighted the poor performance at the German parent, Hoechst AG, where operating results were deep in the red. Its pre-tax profits of DM367m, down 55 per cent on 1992, stemmed entirely from investment income, he said.

While group turnover was more or less stable at DM34m, and volume sales were hardly

changed and prices were down 1 per cent, nine-month sales at Hoechst AG had dropped 10 per cent. Volumes were 6 per cent lower and prices had dropped 4 per cent.

Turnover in the healthcare businesses contributed the largest proportion to group sales for the first term, relegating chemicals and dyes to second place.

Worldwide operating profits from pharmaceuticals were DM200m down on the comparable part of 1992.

Siemens earnings steady at DM1.98bn

By Christopher Parkes

SIEMENS, one of Germany's most recession-proof industrial concerns, improved net earnings by 1 per cent to DM1.98bn (\$1.2bn) in the year to the end of September, and will pay an unchanged dividend of DM13.

Income rose by 2 per cent, the first fall for seven years, but deliveries of outstanding orders helped Siemens increase global sales by 4 per cent to DM81.7bn.

Falling demand in Germany led to a drop of 6 per cent in domestic orders. Turnover in Germany rose 2 per cent to DM37.3bn. Foreign demand rose 2 per cent, while sales climbed 8 per cent to DM44.4bn. The effects of recession were felt most strongly in automation, drives, switching technology, and medical electronics, the company said.

The results were adversely affected by heavy losses at the computer business. Siemens Nixdorf Informationsysteme (SNI). However, the deficit shrank to DM418m, from DM513m in 1992, on turnover down 9 per cent at DM11.9bn.

No earnings details were available on semiconductors, although incoming orders rose 38 per cent during the year and sales increased 14 per cent to DM2.1bn.

Telecommunications, the largest group of businesses within the group, recorded sales increases of 3 per cent in the public sector and 16 per cent in private networks.

However, public orders dropped 7 per cent, reflecting the international squeeze on government spending, while the turnover from private telecommunications was bolstered by the first-time consolidation of the US Rolsms business.

Sales by the KWU power generation subsidiary jumped 32 per cent, although new orders rose by only 1 per cent.

Siemens Verkehrstechnik, the railways arm, increased turnover 32 per cent to DM3.6bn and booked 35 per cent more new orders than in 1991-92. This was the only operating division not to reduce its workforce during the year.

Hydro and Eni in fertiliser venture

By Karen Fosell in Oslo and Haig Simonian in Milan

NORSK HYDRO, Norway's biggest stock market listed company, and EniChem Agricoltura, part of Italy's Eni group, are to merge their southern European fertiliser activities into a joint venture.

The deal, subject to regulatory approval, should be ready by the first quarter of 1994. First-year sales for the new company, which will have some 300 employees, should reach about £300m (\$487m).

The venture will comprise EniChem Agricoltura's two most efficient plants at Ferrara and Ravenna and Hydro's fer-

tiliser unit in Amberg, France, as well as both groups' fertiliser marketing organisations in Italy, southern France, Spain, Greece and Portugal.

The merger has been triggered by difficulties in Europe's fertiliser business caused by gross overcapacity and severe price competition. Matters have been exacerbated by lower demand from farmers and a sharp rise in imports, especially from eastern Europe.

This has led to a substantial over-capacity in the European fertiliser industry, making structural changes necessary, said Norsk Hydro.

It estimates about 4m tonnes

of European fertiliser production will be shut down throughout the continent by 1994.

Both companies have experienced difficulties with their fertiliser activities. Hydro suffered operating losses of Nkr237m (\$32m) on fertiliser sales of Nkr16bn in 1992. The previous year, it took a Nkr1.5bn restructuring charge for its fertiliser activities. The group has shut down about 2.5m tonnes of fertiliser production capacity.

EniChem has been restructuring, although its efforts have been hampered by political difficulties and Italy's tough job protection laws.

Its Gela plant in Sicily has been sold, while a unit in Liguria is up for sale.

Although the fate of its other facilities is unclear, observers say the two plants being contributed to the joint venture may represent EniChem Agricoltura's only capacity in the fertilisers field.

The Norwegian company will contribute annual fertiliser production of 500,000 tonnes out of the group's total capacity of an estimated 10m tonnes, while EniChem will contribute up to 1.5m tonnes.

The two companies intend to review whether other associated activities will be included in the new concern.

National Power hit by payout

By Michael Smith in London

NATIONAL Power, the UK's largest electricity generator, yesterday disappointed the market with a dividend increase at the bottom end of expectations and a downbeat trading statement.

A 94 per cent rise in pre-tax profits to £250m (\$373m), for the half-year to September 26, was helped by a £45m release from provisions following a favourable decision on pension equalisation by the European Court of Justice.

Without this, the profit rise would have been just 2 per cent from 1992's £201m.

Mr John Baker, chief executive, warned that the company's share of the electricity generation market could fall to

below 30 per cent following a reduction during the half year to 33 per cent from 41 per cent.

Analysts had expected a relatively downbeat statement from the company but the shares fell by 8.5p to 402.5p. The result was achieved on a 21 per cent fall in turnover, down to £1.56bn from £1.97bn.

The improvement was helped by a further reduction in the company's workforce, which fell to 6,700 from 7,300 last March. That compares with more than 17,000 at privatisation three years ago.

The dividend rises 14 per cent, to 3.75p from 3.25p - covered 3.5 times by earnings of 12.5p per share compared with 11.5p last year. The company has aims to reduce cover to about 2.5 times but will imple-

ment the change over two to three years.

The results were the company's last before Professor Stephen Littlechild, electricity industry regulator, decides whether to refer National Power and PowerGen, a rival generator, to the Monopolies and Mergers Commission over their market power.

Work will start on the company's second combined cycle gas turbine power plant, at Didcot, Oxfordshire, early next year, Mr Baker said, and the plant will be commissioned in 1997.

The company was likely to build a third CCGT at Skirrow, Nottinghamshire, by the end of the century.

Lex, Page 15; London SE, Page 29

Gota Bank posts modest improvement

By Hugh Carnegie in Stockholm

GOTA Bank, the state-owned Swedish bank due to be privatised by the end of this year, yesterday reported an operating loss of SKr3.48bn (\$1.05bn) for the first nine months of 1993, a modest improvement on the SKr3.43bn loss sustained in the same period last year.

The bank said its credit losses had shrunk to SKr7.8bn in the nine months from SKr9.38bn.

Gota's operating loss after the inclusion of financial insurance and SKr7.61bn in drawn-down state guarantees was SKr7.85bn, compared with a loss of SKr1.56bn the year before.

Gota said it had by September utilised SKr13.8bn in state guarantees out of a total of SKr15bn pledged by the government to rescue the bank from the loan loss crisis which crippled the Swedish banking sector last year.

The government, which was forced to take over Gota during the crisis, is to strip out SKr4.5bn of the bank's bad assets into a so-called bad bank, called Retrieva, which will stay in state hands when Gota is sold.

The state is considering bids from Skandinaviska Enskilda Banken, Handelsbanken and Nordbanken of Sweden. The single foreign bidder is understood to be General Electric of the US.

Unigate rises 20% to £50m

By Maggie Urry in London

A ONE-FIFTH rise in interim pre-tax profits to £50.5m (\$75.95m) at Unigate, the UK food and distribution group, was "a good performance in difficult trading conditions", chairman Sir Brian Kellest said.

However, the rise owed much to acquisitions and one-off items. Comparable profits growth of 14.3 per cent would slow in the second half.

Mr Ross Buckland, chief executive, said promotions by retailers were causing sharp month-to-month fluctuations in fresh food volume, which made production inefficient and squeezed margins.

But he questioned whether retailers would benefit from price cutting. "I would suggest not," he said.

Retailers' price cuts had particularly hit low-fat spreads and yogurts, Mr Buckland

said. But good volume growth had been achieved in desserts.

Operating profits from dairies rose by half to £18.6m as acquisitions, such as Clifford Foods, were integrated. Three dairies had been closed and the group now produced a third more milk.

He said the dairy business had a good future, although doorstep deliveries of milk - where margins are higher - were declining at an annual rate of 10 to 12 per cent. Unigate's margins on supermarket milk were unsatisfactory, he said, although volumes had risen.

Unigate, which has 16 per cent of the liquid milk market in England and Wales, would be "pleased to buy milk in whichever way dairy farmers wish to sell it" once the Milk Marketing Board is abolished next year. He was confident the group could buy the milk it needed at the right price under

the auction system proposed by Milk Marque, the successor to the MMB.

During the half there was a cash outflow of £70.1m, of which £20.1m represented excess of acquisitions over disposals. This increased net debt to £172.1m from £98.2m at the previous year-end, giving gearing of 52.8 per cent.

The interest charge rose from £4.7m to £7.1m, but interest cover was "healthy" at seven times, Mr John Worby, finance director, said.

The rise in debt was partly caused by the cancellation of the sale of Unigate's US restaurant business. Mr Buckland said the aim was to float this in the next 12 to 18 months, but Unigate could make more acquisitions before then. He indicated these could be in continental Europe.

Observer, Page 13; London SE, Page 28; Lex, Page 15; Details, Page 21

Procordia lifted by drugs division

By Christopher Brown-Humes

PROCORDIA, the Swedish pharmaceutical and biotechnology company, yesterday announced a SKr1.47bn (\$181m) pre-tax profit for the three months ended September, up 42 per cent from the same 1992 period.

The company, which is controlled by the state and the Volvo motor group, is in the process of being split into two separate companies. The drugs side is likely to be privatised next year. Volvo is bidding for the consumer products operations.

The first-quarter results show that it was Pharmacia, as the pharmaceutical and biotechnology operations will be known, that was the main contributor to the performance with a pre-tax profit of SKr911m.

Branded Consumer Products (BCP), which Volvo is seeking to acquire as part of a trade-off with the Swedish government, made a SKr563m profit.

Analysts said the figures were unlikely to affect the terms of Volvo's bid for the outstanding 48.3 per cent of BCP which it doesn't own. A stronger performance at BCP

might have forced Volvo to improve its offer. The terms value BCP at SKr1.5bn.

Revenues at Pharmacia soared 88 per cent to SKr6.55bn thanks to currency factors and the inclusion of the newly-acquired Italian pharmaceuticals group Farmitalia Carlo Erba (FICE).

The unit more than doubled income from ongoing operations to SKr996m from SKr408m, after FICE made a first time contribution of SKr203m.

Revenues at BCP fell 8 per cent to SKr5.47bn and income from ongoing operations was 2 per cent lower at SKr566m.

NEW ISSUE

This announcement appears as a matter of record only.

10th November, 1993



FUJITEC CO., LTD.

U.S.\$60,000,000

7/8 per cent. Guaranteed Bonds due 1997

with

Warrants

to subscribe for shares of common stock of Fujitec Co., Ltd.
The Bonds will be unconditionally and irrevocably guaranteed by

The Daiwa Bank, Limited

ISSUE PRICE 100 PER CENT.

Nomura International

Daiwa Bank (Capital Management) Limited

Nikko Europe Plc

Fuji International Finance PLC

Sanwa International plc

Asahi Finance (U.K.) Ltd.

Bank of Yokohama (Europe) S.A.

Barclays de Zoete Wedd Limited

Baring Brothers & Co., Limited

Cosmo Securities (Europe) Limited

Dai-ichi Europe Limited

Daito Securities Europe Limited

Deutsche Bank AG London

Robert Fleming & Co. Limited

Goldman Sachs International Limited

Kleinwort Benson Limited

ITCB International Limited

Merrill Lynch International Limited

Morgan Stanley International

Nippon Credit International Limited

Paribas Capital Markets

Sanyo International Limited

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation

Takugin Finance International Limited

Towa International Limited

Tuyo Securities Europe Ltd.

Wako International (Europe) Limited

S.G. Warburg Securities

NEW ISSUE

This announcement appears as a matter of record only.

10th November, 1993



FUJITEC CO., LTD.

U.S.\$30,000,000

Guaranteed Floating Rate Notes due 1998

The Notes will be unconditionally
and irrevocably guaranteed by

The Daiwa Bank, Limited

ISSUE PRICE 100 PER CENT.

Daiwa Bank (Capital Management) Limited

Fuji International Finance PLC

Sanwa International plc

IBJ International plc

Asahi Finance (U.K.) Ltd.

Cosmo Securities (Europe) Limited

ITCB International Limited

Nikko Europe Plc

Nomura International

Walt Disney hit by \$350m charge for French park

By Martin Dickson
in New York

WALT Disney, the US entertainment group, yesterday reported a fourth-quarter net loss of \$77.8m after taking a \$350m charge associated with Euro Disney, the troubled French theme park in which it holds a 49 per cent stake.

The company reported a 10 per cent drop in operating income, from \$395.6m to \$356.7m, on revenues which advanced 5 per cent to \$2.2bn, while the net loss worked through at 15 cents a share.

In the fourth quarter of last year Disney made \$22m, or 42 cents a share.

The company's investment

in Euro Disney resulted in a loss of \$34.8m for the quarter - including the \$350m charge - and a loss of \$514m for the full year.

Walt Disney said the need for a financial restructuring at Euro Disney had created uncertainty about the American company's ability to collect its current receivables from Euro Disney and about its provision of temporary funding to the associate.

Its \$350m charge would fully reserve it against both, with roughly 50 per cent of the sum accounted for by the funding.

Walt Disney's theme parks and resorts saw operating income fall 11 per cent in the quarter to \$190.4m on revenues down 6 per cent to \$533.7m.

This reflected lower theme park attendance and fewer occupied room nights.

Filmed entertainment saw operating income down 22 per cent to \$94.9m on revenues up 12 per cent to \$379.8m. The company attributed the drop to an unusually strong 1993 fourth quarter.

Consumer products posted an 18 per cent increase in income, to \$71.3m, on revenues 23 per cent higher at \$361m.

For the full year, the group reported net income of \$299m, or 55 cents a share, down from \$316m, or 52 cents a share, after accounting changes and Euro Disney charges.

Its operating income rose 20 per cent to \$1.72bn on revenues 14 per cent higher at \$5.5bn.

Property groups to invest in Mexico

By Stephen Fidler in London
and Damian Fraser in Mexico City

PROPERTY companies run by Mr George Soros and Mr Paul Reichmann have confirmed their intention to go-ahead with \$1.05bn in real estate developments in Mexico City, city officials said yesterday.

They said they expected construction to start immediately and take four to five years to complete. The three projects involved - developments in Santa Fe, Alameda and twin tower blocks on the city's main avenue, Paseo de la Reforma - include office, housing, and hotel developments.

Details of the exact participations would be settled in December, but city officials said more than 50 per cent of the investment was expected to come from foreign sources.

Mr Manuel Camacho, Mexico City's mayor, described the investment as "a vote of confidence in the Mexican economy and the economic reforms of the Salinas government". He said it was "a long-term project indicating confidence in the long-term future of Mexico".

The announcement was made yesterday with Mexican financial markets highly nervous over the North American Free Trade Agreement, which is expected to be voted on by the US House of Representatives next Wednesday.

Mexico's stock market shot up 4.2 per cent by noon yesterday, after the perceived victory of US vice-president Al Gore over Texas billionaire Ross Perot in Tuesday night's debate on the North American Free Trade Agreement.

Novell gains OS market foothold

By Wendy Goldman Rohm
in Chicago

NOVELL, the US software company, and Zenith Data Systems, the personal computer subsidiary of Groupe Bull of France, have reached an agreement which should give Novell a toe-hold in the market for personal computer operating software.

The operating system (OS) is the software program that controls the basic functions of a computer. The OS market is dominated by Microsoft of the US, which charges manufacturers a licence fee for each computer sold with its MS-DOS system. Most of the world's 90m personal computers run MS-DOS. Apple personal computers are the major exception.

In January, however, Zenith is set to launch a line of personal computers, called Per-

sonal Servers, pre-loaded with Novell's DOS software, a program that directly competes with Microsoft's MS-DOS.

Analysts said the move would represent a significant breach of Microsoft's control over the PC operating system software market.

A broader deal, being evaluated by Groupe Bull's Zenith as well as Packard-Bell, the US PC manufacturer in which Bull last year acquired a 19.9 per cent stake, could enable Novell to encroach still further into Microsoft's territory.

ZDS is considering pre-loading Novell's latest version of DOS on its desktop PC products. PC buyers would be given a choice of using the Microsoft or Novell operating systems.

No PC maker has yet pre-

loaded its machines with Novell DOS. Computer companies say that is because they are

already locked into contracts with Microsoft that require them to pay a royalty fee on every machine they ship.

Microsoft, however, asserts that its licensing policies apply to particular PC models, rather than to the full range of a PC manufacturer's products. A spokesman also noted that computer makers can opt to license Microsoft software on a per copy basis, if they choose.

With Novell apparently offering more favourable terms than Microsoft for DOS programs, other PC manufacturers are expected to watch Zenith's moves closely.

Mr Raymond Noorda, Novell chief executive said: "These manufacturers are in a low margin business. They want to get computers out the door and make a penny on every one of them."

"They cannot fool around

with large dollar issues on the costs of what they ship. Paying Microsoft a royalty is a significant part of the total cost."

Zenith is understood to have spent months searching for a loophole in its Microsoft DOS licensing contract to ensure it would not owe royalties to Microsoft for its new Personal Servers. The contract stated that royalties would not be owed on machines that could not run Microsoft DOS. Zenith engineers made sure this would be the case for the new computers.

While allowing computers on a local area network to run existing software, the Personal Server, which controls the network, will be driven by Novell DOS. PC users on the network need not know nor care which operating system is running on the Personal Server, experts say.

Lower sales hurt US retailers

By Frank McGurty in New York

TWO LEADING US retailers yesterday said their third-quarter performances had suffered as a result of special charges against earnings. Woolworth and Federated Department Stores revealed disappointing sales figures, in contrast with a batch of retailers reporting a day earlier.

Woolworth, which recently announced plans to close or reposition 970 of its general merchandise and specialty stores in North America, said a \$480m provision relating to the restructuring programme contributed to a third-quarter loss of \$452m, or \$3.43 a share.

A year earlier, it posted net income of \$65m, or 50 cents.

Federated Department

Stores posted net income of

\$20.3m, or 16 cents, after taking a one-time charge of \$15m for federal tax changes.

If the provision were excluded, earnings would have increased 11.7 per cent to \$35.3m, or 28 cents, against \$31.6m, or 25 cents, in the corresponding period of 1992.

For Woolworth, sales declined 4.6 per cent to \$2.38bn. However, the decline largely stemmed from the poor performance of its general merchandise stores, which recorded a 10 per cent sales slump. By contrast, specialty shops showed a modest 1.8 per cent improvement.

Sales at Federated were

virtually flat at \$1.78bn. The

company, which operates Bloom-

ingdale's, Jordan Marsh,

Lazarus and other full-line

department stores, said the

performance was weaker than expected and blamed it on unusually warm weather this autumn, which depressed apparel sales.

Mr Allen Questrom, Federated's chairman and chief executive, said reductions in operating expenses had enabled it to counter the effect of weak sales and higher price mark-

downs.

On an operating level, earnings were up 3.6 per cent at \$108m, compared with \$99.5m a year earlier.

The announcements by Woolworth as well as Federated were in line with Wall Street's expectations and both stocks advanced modestly in morning trade. By mid-day, Woolworth was up 3/4 at \$31 and Federated added 3/4 to \$30 1/4.

CNN owner tumbles in quarter

By Martin Dickson
in New York

TURNER Broadcasting System, which owns the CNN television news service, yesterday reported net income of \$1m in the third quarter, down from \$12.5m in the same period of last year.

The fall was due to the costs of overseas expansion and a \$6m extraordinary charge for early termination of debt.

Mr Ted Turner, the chairman, said the company's core

business performed relatively well, with advertising revenue up 11 per cent.

"The decrease in profitability is primarily related to investment in new businesses, particularly overseas."

"The impact of this sort of investment is consistent with our past philosophy of sustaining operating losses in the near-term in order to create a valued asset in the long-term."

The company's operating

profit dipped from \$64.1m to

\$59.5m on revenues of \$501m,

up from \$456.4m, while earnings per share worked through at zero, compared with 5 cents.

Turner's interest burden rose from \$46.5m to \$49.3m.

Operating profit at the entertainment segment rose 6 per cent to \$48m, while the news business was up 22 per cent at \$8m, and syndication lost \$10m, \$6m more than last year.

For the nine months the group reported a \$254m net loss after a \$306m charge for accounting changes, compared with a profit of \$48m.

Trizec delays vote on plan for shake-up

By Bernard Simon in Toronto

TRIZEC has delayed a vote on its C\$1.2bn (US\$926m) debt-restructuring plan to give securities holders more time to evaluate proposals made by the Calgary-based property developer.

The company said yesterday that meetings to approve the plan, which were scheduled for December 7, will not be held until at least early-1994, and may be postponed well into the new year.

Trizec initially hoped, when it published its proposals in August, to complete the restructuring by late-October.

But Mr Derrick Tay, a lawyer who represents an informal committee of debenture holders, said yesterday: "We cannot be rushed."

The seven-member committee includes representatives of Unibank of Switzerland, Commerzbank, Westdeutsche Landesbank and Canadian institutions. Many of the debentures, however, are in bearer form, and their holders cannot be easily traced.

Trizec has debts totalling

C\$5.4bn. The plan is designed

to relieve a heavy debt-servicing burden over the next two-

three years by converting

senior and junior debentures

as well as preferred shares

into common equity.

Linde warns of sharp retreat in fork-lift demand

By David Waller in Frankfurt

LINDE, the German engineering group, warned yesterday that group profits for 1993 would be hit by a drastic downturn in demand for fork-lift trucks and other materials handling machines.

For the nine-months group sales dropped to DM5.17bn (\$3.07m), 4.1 per cent down on the previous year, while order intake fell 2.7 per cent to DM5.56bn. For the whole year group sales would be around DM7.2bn, 5 per cent down from last year, Linde said.

Turnover in the materials handling division fell 17 per cent and orders 16.8 per cent in the nine months, after stripping out the effect of last year's purchase of Fiat OM Carelli, an Italian fork-lift truck maker.

Arthur Andersen posts 8% climb in fee income

By Andrew Jack

ARTHUR Andersen, the accountancy firm, yesterday announced fee income up 8 per cent to \$6bn in the year to August 31.

The figures relate to the global results for Arthur Andersen & Co, the Swiss-based organisation. They included a 6.8 per cent rise to \$3.2bn from Arthur Andersen, the accountancy firm, and a 10 per cent rise to \$2.8bn for Andersen Consulting.

Mr Lawrence Weinbach, managing partner-chief executive of the firm, who was in London for its annual partners' meeting, said the results reflected the firm's focus on "consistent high quality client service".

He said that revenues would have been up by 11 per cent at 1992 exchange rates, but that

the increase was less marked because of a strengthened US dollar during the year.

In line with its normal practice, the firm refused to provide any information on its profits. It argues that it is under no obligation to issue this information, has no outside investors and that the figures would be misinterpreted.

The firm increased staff during the year to 65,581 from 59,680 and partners to 2,487 from 2,454. It increased the number of offices to 350 in 72 countries from 318.

The global results included a 12 per cent rise in revenues from the UK firm, up to \$407m. It would not split the figures between Arthur Andersen and Andersen Consulting. Revenue was \$3.3bn in the Americas, \$2.2bn in Europe, Middle East, India and Africa, and \$331m in Asia/Pacific.

All of these securities having been sold, this announcement appears as a matter of record only.

November 11, 1993

6,000,000 Shares



John Alden Financial Corporation

Common Stock

These securities were offered internationally and in the United States.

International Offering
1,200,000 Shares

CS First Boston

Alex. Brown & Sons
INTERNATIONAL

Merrill Lynch International Limited

The Robinson-Humphrey Company, Inc.

ABN AMRO Bank N.V.

Cazenove & Co.

Conning & Company

Dresdner Bank

Fox-Pitt, Kelton N.V.

Paribas Capital Markets

United States Offering
4,800,000 Shares

CS First Boston

Alex. Brown & Sons
INCORPORATED

Merrill Lynch & Co.

The Robinson-Humphrey Company, Inc.

Bear, Stearns & Co. Inc.

Donaldson, Lufkin & Jenrette

Goldman, Sachs & Co.

Invemed Associates, Inc.

Lehman Brothers

Morgan Stanley & Co.

PaineWebber Incorporated

Prudential Securities Incorporated

Salomon Brothers Inc

Smith Barney Shearson Inc.

Fox-Pitt, Kelton Inc.

RAS Securities Corp.

Brean Murray, Foster Securities Inc.

Conning & Company

First Equity Corporation

Furman Selz

Kemper Securities, Inc.

Raymond James & Associates, Inc.

November 4, 1993



N.V. Koninklijke Nederlandse
Vliegtuigenfabriek Fokker

DM 500,000,000

6 1/4% Deutsche Mark Bearer Bonds of 1993/1998

COMMERZBANK
AG

ABN AMRO BANK
(DEUTSCHLAND) AG

DEUTSCHE BANK
AG

DG BANK
DEUTSCHE GENOSSENSCHAFTSBANK

SCHWEIZERISCHE BANKGEMEINSCHAFT
(DEUTSCHLAND) AG

BANCA DEL GOTTARDO

BANK BRUSSEL LAMBERT N.V.

BAYERISCHE HYPOTHEKEN-
UND WECHSEL-BANK
AG

BIF-BANK

CSFB-EFFETENBANK
AG

DEUTSCHE GROSZENTRALE
-DEUTSCHE KOMMUNALBANK-

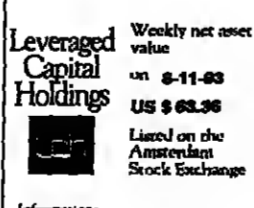
HELABA FRANKFURT
LANDESBANK HESSEN-THÜRINGEN

LEHMAN BROTHERS BANCALIA
AG

SCHWEIZERISCHE BANKVEREIN
(DEUTSCHLAND) AG

SOCIETE GENERALE -
ELSAÏSSISCHE BANK & CO.

WESTDEUTSCHE LANDESBANK
GROSZENTRALE



Leveraged
Capital
Holdings

Information:
Shearson/Smith Barney
Bolsa 19, 10112 Amsterdam
Tel. +31-20-5211410

TEL FORD
25TH BIRTHDAY

THE FINANCIAL TIMES PLANS TO
PUBLISH THIS SURVEY ON MONDAY
13TH DECEMBER REVIEWING THE
PROGRESS AND FUTURE OF TEL FORD
ON THIS SPECIAL DAY

Tel Ford has the largest concentration of
Japanese industry located in any town in
Europe, as well as many successful
companies from all over the world.
This survey will be of particular
interest to 120,000 similar businesses
in the UK who read the weekly FT.
To find out how to reach this important
audience with your services, products
and products, and to wish Tel Ford a
"Happy Birthday", call

Paul M. Jaffee
Tel: 021-454 0922 Fax: 021-455 0959
George House, George Road

FT SURVEYS

INTERNATIONAL COMPANIES AND FINANCE

Western Mining warns of flat results

By Nibid Tait in Melbourne

WESTERN Mining Corporation, the large Australian minerals and metals group dogged by recent controversy, told shareholders yesterday it expected flat first-half profits.

"We expect that the financial result for the first half of 1993-94 will be comparable to the first of last year," Sir Arvi Parbo, chairman, said at the annual meeting in Melbourne. He said it was not possible to predict the full-year result yet, and declined to forecast when metal prices might show any significant turnaround.

Last year, WMC saw pre-tax operating profit fall 23.8 per cent, to A\$156.6m (US\$105.1m). Profit after tax and abnormal was A\$94m.

At a packed meeting, the chairman faced a barrage of critical questioning from representatives of the Australian Shareholders' Association. Topics included the presentation of the company's results, disclosure of accounting principles, and the cost and current valuation of the group's investments in North America.

One shareholder also wanted to know why "heads had not rolled" over the Ernest Henry deposit debacle earlier this year, which led to WMC losing control of the rich copper-gold deposit in northern Queensland, and paying out A\$20m in legal settlement expenses.

The problem arose when it emerged that WMC employees had trespassed on a lease held by another mining company to gather data, and then withheld the result while arranging an option deal over the area.

"The reason why heads didn't roll was that there wasn't any intent to deceive, any dishonesty," said the chairman. He added that it would have been "against the interests of the company to lose people with high levels of expertise."

WMC also told shareholders the WMC Finance arm had raised US\$400m through the issue of two tranches of debt securities in New York. The capital-raising involved \$250m of notes due 2003.

Takeda ahead at halfway stage

By Emilio Torazono in Tokyo

JAPAN'S leading drug company Takeda Chemical Industries, managed to sustain earnings for the first half to September, due to firm sales of drugs with wide profit margins and aggressive cost-cutting efforts.

Takeda Chemical Industries, the industry leader, said its profits grew on brisk sales of new drugs, although pharmaceutical sales remained almost flat.

Healthcare items, including its wide variety of "pep" drinks, fell 10.2 per cent due to the cold summer, while sales at its chemicals division were hit by a fall in demand from the electronics and car industries, declining 4.6 per cent.

For the full year to March, Takeda expects unconsolidated sales to remain flat at Y660bn (\$6bn), and pre-tax profits to fall 3.2 per cent to Y70bn.

Yamanouchi Pharmaceutical said pre-tax profits for the first half fell due to the fall in interest income as interest rates

declined. However, operating profits were up 4.5 per cent to Y26.7bn due to brisk sales of its ulcer drug and a new diuretic compound.

The company expects full year non-consolidated pre-tax profits to rise 0.6 per cent to Y87.5bn on a 6.7 per cent increase in sales to Y280bn.

Fujisawa Pharmaceutical posted firm non-consolidated

For the year to March, Fujisawa expects parent company pre-tax profits to rise 1.1 per cent to Y236bn and sales to remain flat at Y236bn. After-tax profits are expected to increase by 2.2 times to Y30m.

The company revised up its consolidated forecast for the year, due to a pickup in earnings at Fujisawa USA. The

Although it saw increased sales of its allergy formula, overall sales remained flat due to sluggish revenue of its antibiotics. For the full year, it expects a 1.1 per cent rise in pre-tax profits to Y24bn on a 0.4 per cent increase in sales to Y238bn.

Bizal saw a 4.2 per cent rise in its pharmaceutical division thanks to firm sales of its ulcer drug.

Full year pre-tax profits for the parent company are expected to rise 2 per cent to Y23bn on a 2.4 per cent increase in sales to Y234bn.

Daichi Pharmaceutical said it will raise its interim dividend by Y1 per share to Y7 and annual dividend by Y2 to Y14 as it pledged to raise its payout ratio on its bond issuance last April.

The company saw a jump in sales of its antibacterial drug and antihypertensive compound. However, the year's appreciation caused a foreign exchange loss of Y90bn.

For the year to March, Daichi sees unconsolidated pre-tax profits rising 1.8 per cent to Y38.5bn on a 4.3 per cent sales increase to Y210bn.



pre-tax profits, but on an after-tax level saw a 44.9 per cent plunge to Y1.8bn due to an extraordinary loss on shareholdings of its unprofitable US subsidiary.

However, the company said firm sales of antibiotics helped overall sales.

company expects a 28.5 per cent rise in consolidated pre-tax profits to Y18bn instead of an initial forecast of a 7.1 per cent fall to Y12bn.

Shionogi said its cost-cutting efforts lifted unconsolidated operating profits by 23.7 per cent to Y9.2bn.

Mitsubishi Estate pre-tax falls

By Robert Thomson in Tokyo

MITSUBISHI Estate, the Japanese property developer and agent, reported a 5.3 per cent fall in pre-tax profit to Y30.98bn (\$286m). This was despite a 43 per cent increase in first-half sales following the recovery of domestic demand for apartments.

Japanese property companies have been forced to discount rents and selling prices on new buildings, as a surge in

construction during the past four years has left larger cities with a glut of commercial and luxury residential properties.

Mitsubishi is fortunate in having large holdings in the Otemachi business district of Tokyo. However, more recently, it has ventured into new areas, including Yokohama, where prices and rents have fallen sharply.

Sales for the period were Y204.5bn, up from Y142.5bn in the first half last year. Apart

from an increase in demand for standard apartments, rent income was boosted by the completion of two large complexes, though profits were eroded by the resulting increase in depreciation charges.

For the full year to March, Mitsubishi Estate is forecasting sales of Y430bn, against Y348bn last year, and a pre-tax profit of Y50bn, compared with Y70.6bn. Net profit is expected to be unchanged at Y37bn.

Carter Holt boosts interim net profit

By Terry Hall in Wellington

FORESTRY group Carter Holt Harvey yesterday announced a "significant improvement" of 47.1 per cent in net profit to NZ\$165.3m (US\$90m) in the six months to September 30.

The company is controlled by a joint venture between International Paper of New York and Brierley Investments, with 65 per cent of its shares held publicly.

Directors said that the forestry and wood products sector achieved earnings before interest and tax of NZ\$145.6m, a rise of 146 per cent over the same period of last year.

Sales grew 36.9 per cent to NZ\$556.5m.

Record high prices for export logs to Asia led to substantially higher profits in forestry. The group also benefited from increased construction which meant adjusting local prices for panels and building supplies to reflect export values.

Swedish steel group moves back to profit

By Hugh Carnegie in Stockholm

FIRMER prices and lower processing costs helped SSAB, the Swedish steel group, swing to a pre-tax profit of SKr655m (\$45m) in the first nine months of the year, after a SKr123m loss in the same period last year.

The company said it expected a full-year profit of around SKr600m, a dramatic rebound from losses last year of SKr165m.

SSAB, which was privatised last year, said it had benefited from the price rise in Europe after European steelmakers cut production in response to a 10 per cent fall in consumption.

The price effect was enhanced by SSAB's by the devaluation of the Swedish krona, which left prices for the group's products 5 per cent higher in krona terms in the first nine months than in the same period last year.

Higher steel prices were the main factor behind a 6 per cent rise in sales to SKr9.38bn. At the same time SSAB said it achieved a 4 per cent cut in processing costs through improved productivity and capacity adjustments and a 5 per cent cut in employee numbers to 8,500.

SSAB said demand for steel in western Europe would remain weak for the rest of the year and price trends would depend on levels of output.

But it made its full-year forecast based on the group's improved efficiencies and the lower krona.

The biggest division, Turnip steel plate, fell from a loss of SKr113m in the first nine months of 1992 to a profit of SKr27m this year, on sales up 10 per cent to SKr4.56bn. Group net cash flow improved from SKr70m to SKr198m.

One-off charges of SKr60m to cover a blast furnace break-down and the reinstatement of 300 workers ordered by the Swedish labour court were in large part offset by a capital gain of SKr40m from sales of shares in Volvo and Sydskraft.

OK Bazaars to be delisted after poor six months

By Philip Gawth in Johannesburg

OK BAZAARS, once South Africa's leading discount department store, is to be delisted after more than 60 years on the Johannesburg stock exchange. The decision by the company's owner, South African Breweries, follows a poor half-year in which OK Bazaars ran up a bottom line loss of R40m (\$12m).

The move was revealed yesterday as South African Breweries, the country's largest consumer company, announced its interim results. The group overcame a difficult operating climate to record a 12 per cent increase in attributable profit to R268m in the six months to September from R268m a year ago.

Mr Meyer Kahn, chairman, said that although South Africa's protracted recession appeared to have levelled out, it had seriously weakened private consumption expenditure. The group did, however, manage to increase turnover by 10 per cent to R11.5bn.

Pressure on margins, however, saw trading profit rise by only 8 per cent to R97m, but lower rates of interest and taxation helped boost attributable earnings.

Earnings per share rose by 11 per cent to 103 cents from

83 cents and the dividend was increased by a similar amount to 39 cents from 35 cents.

Mr Kahn said the short-term prospects for the economy remained highly uncertain, with progress towards elections next April sure to be accompanied by disruption. Although not predicting growth "of any consequence" until late-1994, the group is seeking to maintain the current level of performance for the remainder of the financial year.

An indication of the severity of the recession is the fact that beer volumes fell slightly compared to the same period in 1992, a rare occurrence in the industry. Beer division profits, however, rose by 12 per cent to R307m.

The group's other interests ranging from furniture and clothing to hotels and glass - also increased their contribution by 12 per cent, to R76m (R68m). This figure, however, disguises some uneven performances.

Earnings per share at Plate Glass rose by 74 per cent, while furniture company Afcol, appliances group Lion Match and clothing retailer Edgars all performed well. Furniture, footwear and clothing group Amrel, however, made increased losses.

Tiger Oats increases net income by 7%

By Philip Gawth

A LOWER tax bill helped Tiger Oats, South Africa's largest food group, record a 7 per cent increase in attributable income to R267m (\$106m) in the year to September, up from R268m last time.

Low levels of consumer spending continued to place pressure on margins. Turnover grew by 9 per cent to R10m, but operating income fell by 3 per cent to R68m. Earnings per share rose by 3 per cent to 237 cents and the dividend was increased to 82 cents (79 cents).

The management is not expecting improvements in its markets in the year ahead, but expects to post better results on the basis of improved operating efficiencies. Mr Robbie Williams, executive chairman, forecast "reasonable earnings" for 1994. Although still regarded as a blue chip stock, the share has fallen out of favour recently, falling to a current level of R150 from a high earlier this year of R50.

Mr Williams said Tiger Foods had suffered from recession with both sales volumes and prices under pressure.

GREYCOAT PLC

\$50 million Zero Coupon Bonds due 1995
(the "Zero Coupon Bonds")

Notice to Bondholders

The Board of Greycoat PLC yesterday posted to its shareholders a circular (the "Circular") giving details of a new proposed financial restructuring of the company and describing proposals to give Bondholders the option to exchange all or any of their Zero Coupon Bonds for new 9.5 per cent, unsecured Eurobonds due 2003 of Greycoat PLC.

Holders of Zero Coupon Bonds requiring a copy of the Circular and/or seeking further information are advised to contact:

Nigel King or Ken Beiser
Salomon Brothers International Limited
Victoria Plaza
111 Buckingham Palace Road
London SW1W 0SB
Tel: London (71) 721 3790
Fax: London (71) 721 2834

11 November, 1993

GREYCOAT PLC

\$150 million Stepped Coupon Discount
First Mortgage Notes due April 2002
(the "Britannic Bonds")

Notice of Meeting

The Board of Greycoat PLC yesterday posted to its shareholders a circular (the "Circular") giving details of a new proposed financial restructuring of the company. The proposed financial restructuring includes proposals affecting holders of Britannic Bonds.

Notice is hereby given convening a meeting of holders of Britannic Bonds at 10.03 am (London time) on Friday 3rd December 1993, at Exchange House, Primrose Street, London, EC2A 3HS, details of which are set out in the Circular.

Holders of Britannic Bonds requiring a copy of the Circular and/or seeking further information are advised to contact:

Nigel King or Ken Beiser
Salomon Brothers International Limited
Victoria Plaza
111 Buckingham Palace Road
London SW1W 0SB
Tel: London (71) 721 3790
Fax: London (71) 721 2834

11 November, 1993

St. George

U.S. \$100,000,000

Floating Rate Notes due 1998

Notice is hereby given that for the Interest Period 10th November, 1993 to 10th February, 1994 the Notes will carry a Rate of Interest of 3.95% per annum. The Interest Amount payable will be U.S. \$100.94 per U.S. \$100,000 Note and U.S. \$1,009.44 per U.S. \$100,000 Note. The Interest Payment Date will be 10th February, 1994.

Bankers Trust Company, London Agent Bank

COMMERCIAL PROPERTY

To advertise in this section, or for further information please contact
Mark Hall-Smith on 071 873 3211

ARTIFICIAL INTELLIGENCE

FUTURES TRADING
"INTELLIGENT TECHNICAL SYSTEMS"
LEADING CONSULTANTS

LOW COST SHARE DEALING SERVICE

081-944 0111
COMMISSION FREE (10% DISCOUNT)
500 SHARES MINIMUM (ANY CURRENCY)

Forax or Futures prices from £49 per month
For 30 second updates on your Windows PC Screen or
Pocket Financial Monitor call 0494 444415
QuoteLink from SPRINTEL

NEW ISSUE

This announcement appears as a matter of record only.

10th November, 1993

DAIWA HOUSE INDUSTRY CO., LTD.

U.S. \$800,000,000

1 per cent. Bonds due 1997

with

Warrants

to subscribe for shares of common stock of Daiwa House Industry Co., Ltd.

ISSUE PRICE 100 PER CENT.

Nomura International

Daiwa Europe Limited
Nikko Europe Plc
S.G. Warburg Securities

UBS Limited

Yamaichi International (Europe) Limited
Fuji International Finance PLC

Robert Fleming & Co. Limited
Tokai Bank Europe Limited
Baring Brothers & Co., Limited
Goldman Sachs International Limited
KOKUSAI Europe Limited
Cresvale Limited
J. Henry Schroder Wagg & Co. Limited
CS First Boston
Mitsubishi Finance International plc
Cazenove & Co.
Deutsche Bank AG London
J.P. Morgan Securities Ltd.
Sakura Finance International Limited
Sanwa International plc

Sumitomo Finance International plc
Barclays de Zoete Wedd Limited
Morgan Stanley International
Kleinwort Benson Limited
New Japan Securities Europe Limited
Merrill Lynch International Limited
Cosmo Securities (Europe) Limited
Kankaku (Europe) Limited
Mitsui Trust International Limited
Dai-ichi Europe Limited
DKB International
N M Rothschild and Smith New Court
Salomon Brothers International Limited
Tokyo Securities Co. (Europe) Limited

SCU Terminal PLC
30 Grosvenor Place
London W1V 1LH
Tel: 01-734 2173
Fax: 01-734 2173
Member SFA

\$32 ROUND TRIP
EXECUTION ONLY (INDUSTRY OFFER)

Why Pay More For Less?
PC QUOTE
G4KB HYPERFEED

071 873 3211

INTERNATIONAL CAPITAL MARKETS

Prices data dismay spurs long-dated Treasuries fall

By Patrick Harrington
in New York and Sara Webb in London

LONGER-DATED Treasury prices fell yesterday morning in the wake of a consumer prices report that failed to live up to the US bond market's most optimistic expectations.

By midday, the benchmark 30-year government bond was down $\frac{1}{8}$ at 100 $\frac{1}{2}$, yielding 6.384 per cent. At the short end of

GOVERNMENT BONDS

the market, the two-year note was down $\frac{1}{8}$ at 99 $\frac{1}{2}$, to yield 4.126 per cent.

After Tuesday's surprisingly weak producer prices figures, traders and investors had hoped the October consumer price data would prove equally bullish for fixed-income securities. In fact, however, the government reported that the consumer price index rose by 0.4 per cent last month.

Although this was broadly in line with most analysts' forecasts, disappointment that the CPI number was not as encouraging as the CPI figure sparked early selling by dealers.

The declines at the long end worsened later in the morning, when commodities prices began to inch higher. Cautious trading ahead of the afternoon auction of \$11bn of 10-year notes also contributed to the market's early weakness.

EUROPEAN markets again took their cue from the US in the absence of striking domestic news, and the release of a disappointing CPI figure for October dragged the main fixed-income markets down in afternoon trading.

GERMAN paper dropped on the combination of the US CPI news and further supply in the form of 10-year Bunds. The Bundesbank's decision to shave one basis point off its repo rate - from 6.38 per cent to 6.28 per cent - barely caused a ripple as it was roughly in line with the market's expectations.

The Bund futures contract opened at 93.77 and traded in a range of 93.43 to 93.78, with the US news taking the futures down to the low of the day. By late afternoon, the contract was trading at 93.50.

Dealers reported little outright buying of the new Treasury bond, saying that invest-

FT FIXED INTEREST INDICES

	Nov 10	Nov 9	Nov 8	Nov 5	Nov 4	Nov 3
NovSacs (BIR)	102.53	102.61	102.30	102.26	102.80	95.54
Fixed Interest	123.26	122.12	122.92	123.25	124.01	110.09
Index 100: Government Securities 16/10/26, Fixed Interest 15/26						
Nov 10, 30 Government Securities 15/10/26, 102.40 @1/05, low						
Fixed Interest high since completion 125.30 (1/6/93), low 90.63 6/1/75						

COMPANY NEWS: UK

Countrywide back in black as house sales pick up

Estate agency recovery helps Hambros to £41m

By John Gapper, Banking Editor

HAMBROS, the merchant bank and financial services group, yesterday disclosed a 53 per cent rise in interim pre-tax profits, helped by a return to the black by its Hambros Countrywide estate agency chain.

The group, which disclosed its balance sheet for the first time at this stage, made a pre-tax profit of £41.1m (£26.9m) in the six months to September 30. Its undiluted earnings per share rose by 56 per cent to 12.6p (8.1p).

The retail financial services division including Hambros Countrywide made a trading profit of £1.1m (£4.9m loss restated). The group said Countrywide had returned to profitability in June as house sales picked up.

Profits from banking activities rose to £40.3m (£37.3m), although the contribution from treasury and capital markets fell slightly. There was a "marked increase" in corporate finance, and loan provisions fell by a third to £5m.

Sir Chips Keswick, chairman of Hambros Bank, said treasury and capital markets activity was slightly down on the levels of last year because currency markets were not so volatile. "I would have said that was a windfall period," he said.

Sir Chips estimated that some 20 per cent of profits in derivatives were from proprietary trading. He said that over time treasury profits would face declining margins, but that it would continue to produce good returns this year.



Sir Chips Keswick: currency markets were not so volatile

Direct investment activities traded at a profit of £4.1m (£100,000 loss restated) following the listing of Hambros Insurance Services Group.

A profit of £3m from the disposal of a holding in Telecoms will be included in the second half.

Mr Christopher Spurborg, chairman of Hambros Group Investments, said the housing recovery had been weaker than hoped, but Hambros Countrywide expected to sell up to 50,000 properties this year, compared with 39,000 last year.

The balance sheet footings increased by £743m from the year end to £8.59bn. This was mainly due to a rise in acceptances, and increased activity

in equity clearing on behalf of regional stockbrokers.

The interim dividend on 20p ordinary shares was raised to 4.5p (4.2p).

Shares fell 24p to 344p amid disappointment at Hambros' failure to benefit as much as others from buoyant trading conditions. Full-year undiluted earnings per share of 30p would give a prospective multiple of about 12. Together with a gross dividend yield of 5.4 per cent, this hardly makes a risky investment. But with weak loan demand, a shaky housing market, and the best of trading profits past, it is hard to discern the source of strong earnings growth.

Bibby dives to £7m and omits final dividend

By Peggy Hollinger

J BIBBY & Sons, the conglomerate which is planning to spin off a substantial part of its business to pay off borrowings of £120m, yesterday passed its final dividend as annual pre-tax profits plunged by 78 per cent.

The dive in profits from £32.2m to £7.1m for the year to September 24 wiped 11p from the company's shares to 68p. The share price has fallen from a high of 127p in the last six months.

Sales were 27 per cent higher at £791.5m.

Mr Richard Mansell-Jones, chairman, had little comfort to offer shareholders as he warned that any recovery was not likely to occur in the current year.

Moreover, he was confident of an improvement in Bibby's prospects in the medium term after demerging its science, paper and agricultural products businesses next year. He said existing shareholders could expect a post-demerger dividend of 2p.

Mr Mansell-Jones admitted that the acquisition of Finanzauto, the Spanish Caterpillar distributor bought for £82m last year, had gone seriously wrong. "No one ever envisaged it [the Spanish construction market] would go down this far," he said. The market had "completely disappeared" in Spain.

Bibby's capital equipment division, which distributes Caterpillar in Spain and Portugal, returned sharply higher losses of £18.2m (£1.8m) as a result. Some £7.8m of the increase was due to interest charges following the acquisition of Finanzauto. Mr Mansell-Jones said the group had cut its Spanish workforce by 25 per cent to 1,500, resulting in on-going cost savings of about £5m.

Materials handling enjoyed brighter fortunes, however, returning a 14 per cent pre-tax increase to £15.5m. These two divisions will be renamed Stratford after the demerger.

The agriculture, science and paper products businesses will retain the Bibby name. The group aims to raise some £75m from the flotation, which will be used to reduce its gearing of about 70 per cent. Debt fell from £135.5m to £122.8m during the year.

The group's earnings per share fell from 20.40p to 2.26p. Barlow Road, the South African group which owns 79 per cent of J Bibby, will retain 79 per cent of Stratford and 20 per cent of the new Bibby.

Glengate makes £80m disposal

Glengate Holdings, the privately owned property development company, has sold the Plaza on Oxford Street, London, W, for about £80m to an undisclosed overseas buyer.

The shopping centre and office development produces an income of £8.89m a year which is expected to rise to £7.5m when current rent reviews are completed and additional space let.

Mersey Docks' rights acceptances

Mersey Docks and Harbour Company has received acceptances for 22.2m shares (32.4 per cent) of its rights issue. The balance was sold in the market at an average 426.4p, against the 330p rights price.

Badgerline float price set at 115p

By Andrew Bolger

BADGERLINE Group, the Avon-based bus company which is coming to the market this month, yesterday fixed its flotation price at 115p a share - valuing the group at £99.3m.

The group is forecasting earnings of 8.4p per share for the year to December 31, giving a prospective multiple of 13.7.

The board is also indicating a notional dividend of 4.1p, for a gross yield of 4.5 per cent. A total of £47m is being

raised, including £3m for the benefit of certain existing shareholders, of which £21m is being placed with institutions and £15m being offered to the public.

Badgerline has grown into one of the biggest providers of local bus services. The company began as a £2m buy-out from the National Bus Company in 1986, and now operates 2,500 buses and coaches in the Midlands, South Wales and the south of England.

The flotation is sponsored by Lazard Brothers, with Caze-

novas as brokers. The offer will close on November 19 and dealings are expected to begin on November 22.

COMMENT

This pricing offers a yield premium to the market and is pitched at a discount to Stagecoach, the Perth-based bus operator which came to the market in April. Badgerline has taken over seven other former NBS operations and will look to further acquisitions to maintain earnings growth. The group is well organised and

there remains considerable scope for consolidation of the many remaining privately-owned and municipal bus companies. To analysts who question whether Badgerline can continue to defy the long-term decline in bus usage, the group points both to its increasing efficiency and the future of environmentally friendly park-and-ride schemes, such as it has organised in Bristol. In the short term, the price seems to have been set at a level which should ensure a comfortable, but not excessive, premium.

Hozelock valuation £60m with pricing at 250p

By David Blackwell

HOZELOCK, the garden equipment manufacturer, yesterday finalised its flotation, pricing the shares at 250p to give the company a higher-than-expected market capitalisation of £59.5m.

Last month, when the company announced record operating profits of £5.1m on turnover of £22.3m for the year to September 30, the capitalisation was expected to be £50m.

Mr David Codling, chief executive, said the company had been "very encouraged by the level of interest from investors."

Hozelock is placing 11.2m ordinary shares with institutions, of which half will be subject to a clawback to meet retail demand through intermediaries.

At the offer price pro forma earnings per share were 14.1p

for the year ended September, giving a p/e of 17.8. The notional dividend of 9p gives a gross yield of 6.5 per cent, and is covered 2.3 times.

The flotation will raise £18m net, of which £5.4m will be used to redeem existing preference shares and £8.5m to repay bank and shareholder loans. The remainder will be added to working capital.

The company underwent a £24m management buy-out from Roper in 1990. It has more than 300 products, and accounts for two-thirds of the UK watering and spraying market.

The group is now owned 14 per cent by its management, with the rest in the hands of institutions. After the flotation the management and institutions will hold 53 per cent.

Mr Codling said the company saw plenty of potential to expand in Europe, where it had

built its market share to 2 per cent.

COMMENT

As with many companies in the recent wave of flotations, Hozelock stands alone in its market sector, making a judgment of its performance difficult. It is dominant in the UK, with 66 per cent of the watering equipment market. While there is probably room for organic growth and broadening of its markets at home it will have to look increasingly towards Europe. In those markets it will be faced with stiff competition from Gardena, the private company that dominates the German market and has annual sales of more than DM300m (£122m). While a strong brand name and sound management, since the buy-out are likely to prove attractive to many investors, at a p/e of 17.8 the shares are fully priced.

Independent Insurance given £98.5m tag

INDEPENDENT Insurance, the first insurer to obtain a listing since the second world war, yesterday announced an issue price of 225p per share, valuing the group at £98.5m, writes Richard Lapper.

A placing and intermediaries offer by Lazard Brothers and Noble & Co will raise about £25.1m net to fund growth.

The group issued 11.8m new ordinary shares and 400,600 ordinary shares were sold by existing institutional shareholders. Some 6.67m ordinary shares are being placed firm and 5.53m are being placed subject to recall to satisfy valid applications received under the intermediaries offer.

COMMENT

Independent looks to be an attractive addition to the composite insurance sector where it can be compared against larger rivals. The company is tightly managed and tends to focus on specialised areas of the market. Its exclusive focus on the UK might be viewed as a drawback by some investors, especially amid indications that rate competition is returning to the motor market. However, Independent has placed emphasis on underwriting discipline in the past, which ensured it remained in the black between 1990 and 1992. Earnings per share in 1992 amounted to 10.5p putting the shares on an historic p/e of 20.6. A forecast net dividend of 8.25p puts the shares on a prospective gross yield of 4.6 per cent. Overall, the company looks good value against the composites. The shares can be expected to trade to a premium when dealings begin on November 22.

Alders shares up on first dealings

By Maggie Urry

Dealings began in shares of Alders, the department store and duty free retailer, with the shares ending the day at 184p, up from the 170p issue price. This was regarded as a good premium given the sharp fall in the stock market since the issue, which involved a placing and public offer, was priced. The public offer element had been 2½ times subscribed. Volume was shown at 21.8m shares.

Litho Supplies gets £50m tag with 190p issue price

By Catherine Milton

A PRICE of 190p a share was fixed yesterday for the flotation of Litho Supplies valuing the company, which claims to be the UK's largest independent distributor of printing products, at £50.2m.

Litho, a £20.7m management buy-out from Pembroke Investments of DRG's Litho supplies business in 1990, is coming to the market by way of a placing and intermediaries offer which will raise £14.2m net of expenses.

The company supplies products ranging from high-technology electronic equipment to conventional consumables to about 10,000 small and medium-sized companies.

About 14m shares are being placed with institutions, with up to 6.18m subject to clawback for the intermediaries offer. The funds will reduce £7.3m in preference shares and repay £4m in mezzanine debt. The balance will reduce other borrowings of £5.5m in secured-term loans.

On forecast pro forma pre-tax profits of £5.17m (£3.4m) for the year to end-December, the issue price gives a pro forma p/e of 14.6 times.

"This is a reasonable price for someone who wants to come into the printing sector. If you look at other prices in the sector such as St Ives,

for example, we are coming in at not an unreasonable price," said Mr John Byford, joint managing director.

The total dividend of 6.5p the directors would have recommended for the full year would have given a gross yield of 4.28 per cent. The dividend would have been 2 times covered by earnings per share of 12.97p. A final dividend of 0.7p will be paid for the period to end-December from date of listing. In future Litho intends to pay interim and final dividends approximately in the proportion of 40 per cent; 60 per cent.

The intermediaries offer closes on November 16 and it is expected that dealings will start on November 22.

COMMENT

Litho likes to compare itself with the giants of the printing industry which would make its rating cheap. True, the new flexible, computerised technology on which Litho is placing its hopes of growth is likely to find favour with the kinds of small businesses which already patronise the company and in which the large manufacturers have little interest. However, with the new market crowded with computer suppliers Litho will depend more than ever on its established trading relationships.

'Turbulent' trading at Charles Sidney

By Paul Taylor

SHARES in Charles Sidney, the Yorkshire-based Mercedes-Benz commercial vehicle and passenger car dealer spun off by Albert Fisher, ended the first day of trading at their offer price of 210p yesterday.

Trading in the stock was described as "turbulent" with about 6.5m transactions and the price ranging between a low of 85p and a high of 210p towards the close.

The group came to the market through a full placing and public offer.

Over 13.6m shares were placed with institutional and

other investors by Panmure Gordon and the public offer of a further 10m shares was 2.7 times subscribed.

Albert Fisher, the food processing and distribution group, has divested Charles Sidney as part of a strategy to refocus the group on its core activities.

FUIT offer oversubscribed

The intermediaries offer for subscription of up to 7.5m ordinary shares in Finsbury Underwriting Investment Trust at 100p per share was subscribed just over three times with some 22.62m shares being applied for.

Applications have been scaled down with intermediaries being allocated about 33.16 per cent of the number applied for.

In addition to the intermediaries offer, 22.5m ordinary shares have been placed firm.

DON'T CRACK UNDER PRESSURE

professional 200 METERS

TAG Heuer
SWISS MADE SINCE 1860

LET'S GET IT RIGHT

If you have a complaint about an item in this newspaper which concerns inaccuracy, intrusion, harassment or discrimination, write to the editor about it.

If you're still dissatisfied you can write to the Press Complaints Commission, an independent organisation established to uphold an editorial Code of Practice for the Press.

THIS NEWSPAPER ABIDES BY THE PCC'S DECISIONS

PCC

1 SALISBURY SQUARE LONDON EC4Y 8AE

Telephone 071 353 1248 Facsimile 071 353 8355

This space has been donated by the publisher

Wyevalle Garden Centres plc

(Incorporated in England, registered number 1872554)

Introduction to the Official List

30,749,707 existing ordinary shares of 25p each
3,597,734 existing 8.5 per cent convertible cumulative redeemable preference shares of £1 each
Rights issue of 7,543,860 new ordinary shares of 25p each

Wyevalle Garden Centres plc is the holding company of a group engaged in the operation of retail garden and leisure centres.

Copies of the listing particulars may be obtained during normal business hours from the Company Announcements Office, the London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2N 1HP up to and including 15th November, 1993 for collection only, and until 25th November, 1993 (Saturdays and public holidays excepted) from Wyevalle Garden Centres plc, Kings Acre Road, Hereford HR4 0SE.

Morgan Grenfell & Co. Limited
23 Great Winchester Street
London EC2P 2AX

Credit Lyonnais Laing
Broadwalk House
5 Appold Street
London EC2A 2DA

11th November, 1993

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
ACT Group	1.75p	Jan 7	1.75	-	5
American Int'l	4.4	Jan 4	4	-	13.5
Bibby	4.4	Jan 4	4	-	13.5
Chamberlain & Hill	2	-	1.75	2	9.75
Electrocomponents	2.5	Jan 4	2.5	-	7.8
European Colour	0.35	Jan 10	0.275	-	0.8
Hambros	4.5	Dec 13	4.1	-	14
Henderson Admin	12.5	Jan 11	12.5	-	42
Ingham	1.75p	Jan 14	1.5	-	7.8
National Power	3.75	Jan 16	3.3	-	7.3
Personal Assets	0.85	-	0.85	-	1.8
Scottish Value Tel	0.85	Jan 10	0.85	1.8	1.8
Unigate	6	Jan 6	5.7	-	16.1

Dividends shown pence per share not except where otherwise stated. *On increased capital. \$USM stock. *For 15 months.

PUBLIC WORKS LOAN BOARD RATES

Term	Quota loans		
	5p	5p	5p
Over 1 up to 2	5%	5%	5%
Over 2 up to 3	5%	5%	5%
Over 3 up to 4	5%	5%	5%
Over 4 up to 5	5%	5%	5%
Over 5 up to 6	5%	5%	5%
Over 6 up to 7	5%	5%	5%
Over 7 up to 8	5%	5%	5%
Over 8 up to 9	5%	5%	5%
Over 9 up to 10	5%	5%	5%
Over 10 up to 15	7%	7%	7%
Over 15 up to 25	7%	7%	7%
Over 25	7%	7%	7%

*Non-quota loans are 1 per cent higher and non-quota loans 5.2 per cent higher in each case than quota loans. *Fixed payments of principal and interest by half-yearly payments of interest only.

DO YOU WANT TO KNOW A SECRET?

The L.D.S. Gern Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gern can increase your profits and curtail your losses. How? That's the secret. Ring 081 474 0080 to book your FREE place.

FUTURELINK

The fastest, most reliable, cost effective real-time FUTURES, FOREX and NEWS service available in the UK within London.

LONDON 071 972 9779 CALL HYETRON ON PARIS 01 40 41 93 43

Unigate beats City hopes with £50.3m

By Maggie Urry

UNIGATE raised pre-tax profits by 19.5 per cent in the half year to September 30, to £50.3m, on sales up 2.5 per cent to £1bn. This beat market expectations and the shares rose 6p to 371p.

Operating profits were ahead 27.7 per cent to £49.8m, including £3.8m from acquisitions and £2.4m (£2.2m) from businesses sold.

The dairies division raised profits by 50 per cent to £18.6m, with margins rising from 6.9 per cent to 8.2 per cent, though most of the rise came from integration benefits from acquisitions. Fresh foods profits rose 19.2 per cent to £2.7m, despite retailers' price cuts. Margins were 3.3 per cent (3.2 per cent).

Profits from farm foods, such as bacon and turkeys, rose from £100,000 to £1.2m helped by lower pig prices and the sale of half the pig herd. Higher feed costs had cut margins there. Margins were still

low at 0.9 per cent.

Distribution profits rose 47.3 per cent to £10.9m, largely because of the Glass Glover acquisition, although margins fell from 8.5 to 7.5 per cent. The US restaurants suffered a fall in profits from £8.4m to £7.7m, despite a rise in sales, with the fall in dollar terms near 20 per cent. Other activities made £300,000 (£1.2m) including a loss from the US exhibitions business.

Associates, the Dutch Nutricia baby food business, contributed £8.3m (£7.7m) with the rise due to translating profits at a lower sterling rate. Exceptional costs totalled £700,000. However, this included a £5.5m gain from the release of a provision made in 1991 which was surplus to assets. The fall in sterling added £1.5m to profits.

Earnings per share, excluding exceptional costs, rose 23 per cent to 15.5p.

The interim dividend is raised from 5.7p to 6p. See Lex

Henderson Admin 40% ahead after TR buy

By Philip Coggan, Personal Finance Editor

A LOSS OF pension fund clients failed to stop Henderson Administration Group, the fund management group, from enjoying a 40 per cent jump in interim pre-tax profits from £8.55m to £21.7m in the six months to September 30.

The company said client withdrawals lost it about £500m of pension fund money. This was "partly due to the expected withdrawals following the Touche Renmant acquisition, partly due to a move to indemnify by some clients but also to the residual effects of our previous period of underperformance".

However, funds under management at September 30 were £12.2bn, compared with £7.3bn at the interim stage last year. An important factor in the increase was the acquisition of Touche Renmant, which brought in £2.2bn of funds. Strong stock markets and inflows in the non-pension fund side also helped.

At end-September the company had £4.4bn of pension funds under management, £2.2bn of investment trusts and about £3m of unit trusts. After the end of the half, the group launched its first investment trust under the combined Henderson TR banner and raised £100m for a Japanese smaller companies fund.

Total revenues for the first half were £30.3m, against £20.5m, which did not include a full contribution from TR. Operating expenses were £22.2m (£16.7m) but the company said the best comparison was with last year's second half figure of £21.3m, which it cited as evidence that it was controlling costs.

Net interest receivable slumped to £944,000 (£2.46m) because of lower interest rates and the cost of the TR acquisition. After tax of £3.1m (£2.82m), earnings per share were 28.23p (21.38p). The interim dividend is being maintained at 12.5p.

IDV buys 21% of champagne producer

By Guy de Jonquieres, Consumer Industries Editor

INTERNATIONAL Distillers and Vintners, Grand Metropolitan's drinks subsidiary, is to take its first stake in champagne production by acquiring 21 per cent of Champagne Laurent-Perrier and 1 per cent of Veuve Laurent-Perrier, its parent company.

Laurent-Perrier, which is privately owned, is the fifth largest champagne brand with about 5 per cent of the world market and sales last year of FF670m (\$86m), 60 per cent of them outside France. The value of the deal was not disclosed.

IDV, which already distributes Laurent-Perrier in the US, Japan, Italy and the Netherlands, will progressively take over distribution of the champagne in some of the roughly 120 other countries in which it is sold.

However, Laurent-Perrier will continue to handle its own distribution in France, Britain and Switzerland.

Mr Bernard de Nonancourt is president of Laurent-Perrier. His family owns 70 per cent of the parent company.

UK side behind 22% rise at Electrocomponents

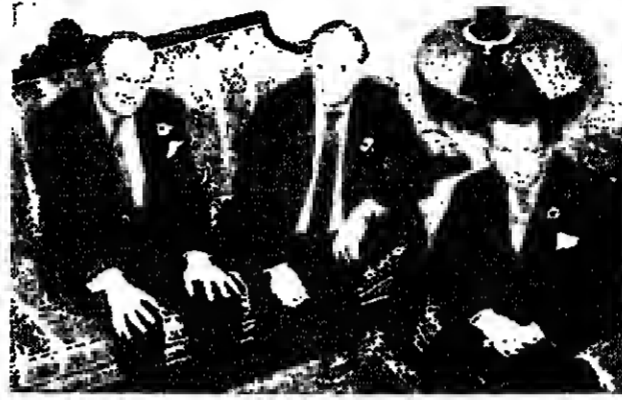
By Paul Taylor

ELECTROCOMPONENTS, the electronic, electrical and mechanical components distribution group, yesterday posted a 22 per cent increase in interim pre-tax profits boosted by a steady improvement in the UK operations.

Pre-tax profits in the six months to September 30 increased from £26.4m to £31.1m. Earnings per share grew by 25 per cent to 8.8p (7.6p) and the interim dividend is being lifted to 2.5p (2p).

Turnover from continuing operations increased from £161.4m to £183.1m, helped in particular by growing sales from the group's new operations in continental Europe. Operating profits from continuing operations increased to £29.7m, against £26.1m last time when the group also recorded a £2.6m operating loss on its now discontinued Misco computer supply businesses.

Sales in the group's core UK-based RS Components business increased by 11 per cent, while productivity gains and lower bad debt costs resulted in modestly improved net margins. RS International sales increased by 40 per cent, underlining the progress made by the group's continental European operations, particularly Radios-



Robert Lawson (left), chief executive, with Sir Keith Bright, chairman (centre), and Robert Tomkinson, finance director

Composants in France, which continued to show strong growth despite the recession.

Mr Robert Lawson, group chief executive, said the performance of the new operations in Europe "vindicated" the group's overseas expansion strategy.

Meanwhile, Electrocomponents ended the period with £51.9m (£36.8m at year-end) in net cash.

Over the next three years it plans to invest £35m to support growth.

COMMENT

The underlying growth in the

UK business was ahead of expectations and the push into overseas markets is gaining momentum even though the new European operations are still losing money. Group strategy is to deliver high margin, low volume products to engineers anywhere in the world and the next step may well be a joint venture in India. Cash balances continue to strengthen and will be used to support organic growth in the UK and overseas. This year pre-tax profits should reach £71m generating 22p of earnings and putting the shares on a deserved forward multiple of 20.7. Buy.

BICC in Russian telecoms deal

BICC, the international cables and construction group, has entered into a joint agreement to set up a communication cable business in Voronezh, central Russia.

The new business is a joint venture between KWO Kabel, BICC's German cable-making

subsidiary, Svyazstroy, the Russian state-owned telephone cable installation company, and the Cable Research Institute, Moscow.

KWO will take a 25 per cent interest in the enterprise and will provide project management, technical know-how,

manufacturing equipment and a training programme for employees. Its input in the form of machinery and expertise is valued at DM10m (£2m).

The factory will start production in 1994 and will employ some 250 people.




At last, it's caught up with us!

We may call ourselves British Vita but the fact is we look upon Europe as our home market. With around fifty operations in the United Kingdom and almost sixty in continental Europe, there is really no other way to look at it.

Vita...
an uncommon Company
in the Common Market

BRITISH VITA PLC.
Middleton, Manchester M24 2DB
Tel 061-643 1133 Fax 061-653 5411

INTERNATIONAL LEADERS IN POLYMER, FIBRE AND FABRIC
MATERIALS AND TECHNOLOGY
SERVING THE FURNISHINGS, TRANSPORTATION, APPAREL
PACKAGING AND ENGINEERING INDUSTRIES

FOR THE LATEST FINANCIAL REPORTS CALL THESE NUMBERS

Market Reports

UK Stock Market	0891 123001
UK Company News	0891 123002
Foreign Exchange	0891 123003
Sterling Rates	0891 123004
Financial News Update	0891 123007
European Round-up	0891 123034

Share Prices

Popular Companies	0891 123035
Privatised Companies	0891 123036
Electricity Shares	0891 123040
High Street Banks	0891 123041
FT-SE 100 Index	0891 435900

Calls charged at 36p/min (incl. rate and 45p/min at all other times)

Real-time share prices are also available from FT Cityline.

For further details call our Help Desk on (071) 873 4378

CITYLINE

Redemption Notice

Nacional Financiera, S.N.C., Trust Division as Trustee of the Nafin Finance Trust Guaranteed Floating Rate Notes Due 1997 CUSIP No. 629718-AA5*

NOTICE IS HEREBY GIVEN, pursuant to the Indenture dated as of December 15, 1992 under which the above described Notes were issued that Nacional Financiera, S.N.C., Trust Division, as Trustee of the Nafin Finance Trust will redeem on December 15, 1993 13,085,053% of the Outstanding Principal Amount of the Notes, amounting to \$20,800,000, on a pro rata basis in accordance with their respective Outstanding Principal Amounts. The amount of principal to be paid with respect to each \$10,000 principal is \$1,040.00.

On December 15, 1993, there will become due and payable on each Note the above amount, together with interest accrued to December 15, 1993. On and after such date interest will cease to accrue on the Notes (or portion thereof so redeemed).

Payment of the redemption amount plus accrued interest on Bearer Notes will be made upon presentation and surrender of the appropriate coupon to one of the Paying Agents listed below:

Citibank, N.A.
336 The Strand
London WC2R 1 HB
England

Citibank (Luxembourg) S.A.
16 Avenue Marie-Therese
Grand Duchy of Luxembourg
Luxembourg

CITIBANK, N.A.
as Note Trustee

November 11, 1993

*This CUSIP number has been assigned by Standard & Poor's Corporation and is included solely for the convenience of the holders. Neither the Issuer nor the Note Trustee shall be responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness on the Notes or as indicated in this notice.

NOTICE

As of January 1, 1993, withholding of 31% of gross proceeds of any interest payment made within the United States may be required by the Internal Revenue Code of 1986, as amended by the Energy Policy Act of 1992, unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

1993 NOVEMBER

Monday, 1st
Completion of Comac's £19million acquisition of Computer Search and Selection and launch of underwritten £22million (4 for 1) rights issue

Tuesday, 2nd
Completed the successful £80million flotation of The Roxboro Group with the offer for sale 13 times subscribed.

Wednesday, 3rd
Launched flotation of London Insurance Market Investment Trust through underwritten £280million placing and offer for sale.

Thursday, 4th
Institutional presentations held for the £50million Flotation of Litho Supplies.

Friday, 5th
Underwrote £86million cash subscription and rights issues in connection with the announced proposals, led by UK Active Value Fund, Inc., for the recommended financial restructuring of Greycoat.

THE ISSUES FOREMOST ON OUR MINDS LAST WEEK

Advising on an acquisition and underwriting its financing. Launching and successfully closing new issues. Advising on and underwriting a major refinancing. These are just some of the events that keep up the momentum at Samuel Montagu.

HSBC Investment Banking Group

And that's just in the area of Corporate Finance. As mergers and acquisitions, new

issues and corporate restructurings become increasingly complex and more innovative methods of financing are required, so clients need a merchant bank with the depth of resources and proven experience to make things happen.

If you have an issue that has yet to be resolved, call us on 071-260 9000.



SAMUEL MONTAGU

Samuel Montagu & Co. Limited, 10 Lower Thames Street London EC3R 6AF. A member of The Securities and Futures Authority.
member ISBC

00/40

COMPANY NEWS: UK

Analysts peer into the crystal ball

Peggy Hollinger looks at Pearson's demerger of Royal Doulton

S OBER-suited men and women have been caught peering under the edges of their lunch-laden china plates in recent weeks. As analysts and fund managers, they have been researching the demerger of Royal Doulton from its media parent Pearson, which also owns the Financial Times.

It is expected that their remaining questions will be answered today when the listing particulars are published. These are widely expected to offer investors one Royal Doulton share for every 10 of Pearson's, and are likely to include a Royal Doulton dividend payment to sweeten the deal in addition to Pearson's forecast of a maintained 12p for the year.

The City is awaiting the other details, having so far lacked information in a poorly researched sector. Brokers are expecting heavy trading in the stock immediately after demerger.

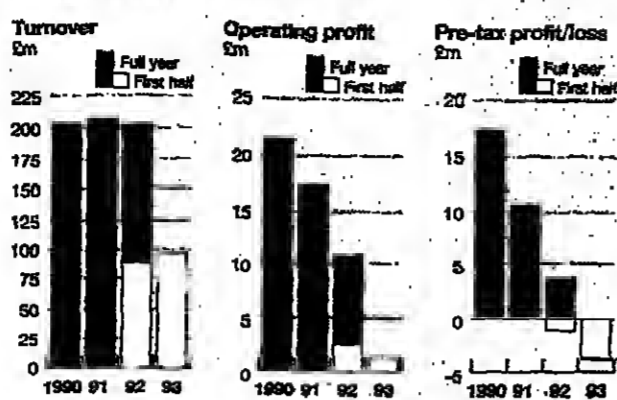
Shareholders who bought Pearson for its media potential may not want to hold stock in a much smaller company operating in what is perceived to be a slow moving, luxury goods market. The question is, just how anxious will they be to sell?

Such decisions are likely to hinge in part on whether Pearson and Royal Doulton are able to answer questions over the decision to demerge. "If it was such a good company, it would have been floated, or the management would have got together to do a management buy-out," said one analyst.

Pearson would argue that it is giving the benefits of Royal Doulton to shareholders who will have the choice of staying with a recovery stock or selling it to realise the value.

Analysts are also questioning the timing of the demerger.

Royal Doulton



Pearson says the demerger is part of its decision to focus on media, and any postponement would mean at least a four-month delay.

Although less than two months away from Doulton's year-end, the particulars will not include a profits forecast, partly due to the importance and uncertainty of the Christmas trading period. The offer document, however, is likely to include details of a notional full-year dividend pay-out, which will make the shares attractive on a yield basis.

That attraction will be crucial in light of the group's three-year trading record. Since 1990, operating profits have halved to £10.9m last year, on virtually steady turnover of £201m, while pre-tax profits have collapsed from £17.6m to £3.9m. For the six months to June 30, Doulton incurred pre-tax losses of £3.9m, after £3.2m of exceptional charges, against a £1.1m loss last year.

Royal Doulton's rivals have suffered similar fates. The global fine china market - of which Royal Doulton claims 10 per cent - is estimated to have declined by 20 per cent in the

last three years, as both recession and a shift in consumer tastes towards more informal dinnerware take their toll.

This decline has left the other six global players - Wedgwood of the UK, Villeroy & Boch, Rosenthal and Hutschenreuther of Germany, Noritake of Japan, and Lenox of the US, fighting for ever shrinking shares.

However, Mr Stuart Lyons, Royal Doulton's chief executive, is optimistic about the group's future. "We will have the flexibility to determine our own strategy," he says.

Until now, Royal Doulton's strategy has been heavily backed by investment from Pearson. Over the last three years, Pearson has invested significantly more than the £15.3m depreciation charges. The result has been great strides in automating what has always been a labour intensive industry.

This has allowed Royal Doulton to decrease its dependence on the more expensive, traditional china sector and expand into new markets such as selling less expensive bone china

to chain stores such as Marks and Spencer and Sainsbury.

Technology is even being applied to the traditional figurine business. The time to produce a figurine has fallen from 18 days to 12. Royal Doulton has also carved itself a niche in supplying china to the airline and hotel markets.

But perhaps the best guide to Royal Doulton's future strategy is the development of its crystal business. Since the 1980s Royal Doulton has formed partnerships with crystal manufacturers abroad who make products according to its specifications. Now more than half of Royal Doulton's crystal is supplied from outside the group.

The implications are obvious for the china business, although it will have the tricky task of balancing some external sourcing with upholding its premium brands.

Observers also speculate that Royal Doulton will find growth by exploiting its brand in the wider home furnishings market.

Other china manufacturers such as Wedgwood have begun to introduce products such as tablecloths and napkins co-ordinated with their china patterns. There is a danger, however, that such moves could take the shine off what is considered a premium brand. "Royal Doulton will have to be careful they do not hit the hand that feeds them," one analyst says.

Even though many of the questions over Royal Doulton's financial structure should be answered today, analysts are expecting heavy initial selling as media investors reshape portfolios.

Thus, says one logic dictates that to sell immediately would be ill-advised. "It may be worth taking the final dividend and then having another look."

Acquisition behind 21% rise at ACT to £11.5m

By Alan Cane

ACT, the Birmingham-based computer services company, saw steady progress in the half year to September 30 with the figures boosted substantially by the acquisition of the BIS Group in June.

Pre-tax profits rose 21 per cent from £9.54m to £11.5m. Turnover advanced 49 per cent to £107.6m (£72.1m), of which £24.4m related to the acquisition. Operating profits were £11.5m (£8.78m) helped by a £2.55m contribution from BIS.

Turnover from continuing operations rose 15 per cent while pre-tax profits on continuing operations were flat. The acquisition of BIS cost £23.5m. There was a net interest charge this time of £9,000, compared with interest received of £788,000. However, the company retains positive net cash balances.

Mr Roger Foster, chairman, said he was satisfied with progress in a difficult six months. Profits from continuing operations had been held back by some reduction at ACT Kindie, part of the banking software activities. Kindie's orders during the half year had grown 18 per cent, but the order backlog was up 69 per cent costing the company sales and profits.

The banking side of BIS continued to show growth year on year of about 20 per cent, chiefly through the continued success of Midas, its branch banking package, and DRI, an electronic dealing system.

The information systems side of BIS has not performed, Mr Foster said. Orders had slackened during the summer months. A new ACT Business Systems company had been created from Logsys, ACT's systems company and the IS division of BIS.

Mr Foster said he was confident about the second half, traditionally the company's better six months, as activity in the banking sector intensified.

Earnings per share rose to 5.24p (5.01p). The interim dividend remains unchanged at 1.75p.

TR Property £10m debenture

TR Property Investment Trust is to issue, via its subsidiary Trust Union Finance (1991), £10m of debenture stock 2008 by way of a placing, payable in full on November 17 1993.

The issue has been fully underwritten by NatWest Capital Markets, acting as agent for National Westminster Bank, which is also acting as sole placing agent.

The stock will be guaranteed by TR Property Investment Trust and the directors said it was intended that the proceeds of the placing would be used to repay existing unsecured debt of the group and its subsidiaries.

Three investment trust are ready for market

By Philip Coggan, Personal Finance Editor

THREE new investment trusts are coming to the market as the industry continues to take advantage of the low discount on which its shares trade, and private investor enthusiasm for equities.

Govett High Income Investment Trust is attempting to raise £50m via a placing and offer-for-subscription. The new trust will invest in a combination of UK shares, international high yield bonds and emerging markets to offer investors an initial gross yield of 7 per cent.

The trust is issuing up to 50m ordinary shares at 100p each, with warrants attached on a 1-for-5 basis. Some 34m shares are being placed, with the balance of 16m on offer to the public.

The aim of the trust will be to provide a high and steadily rising income, with the potential for long-term capital growth. More than 50 per cent of the portfolio will be kept in UK equities to ensure the trust qualifies for Personal Equity Plan status; income and capital gains from a PEP are tax-free.

The new trust will primarily be buying policies which mature between 2005 and 2008,

coinciding with the wind-up of the trust.

The Friends Provident Investment Trust is also ready to raise over £20m via a placing and offer-for-subscription. The trust will have a split structure, with zero and ordinary shares. It will pay no income but will offer a rate of about 8 per cent.

The ordinary shares will only be on the assets of the trust and will have an initial gross yield of 8. The shares will qualify for inclusion in a Personal Equity Plan. However, the trust will only be on the assets of the trust and will have an initial gross yield of 8.

Shares will be sold to the fund on both past backing companies will be the commonly active (eg avoiding coal which deal in tobacco).

The shares will be paid two instalments: 60p on issue and a further 40p in February 1994. The minimum investment is £1,000.

The new trust will primarily be buying policies which mature between 2005 and 2008,

NEWS DIGEST

Chamberlin & Hill up to £787,000

AN IMPROVEMENT in its light engineering companies enabled Chamberlin & Hill, maker of iron castings, electrical control fittings and switchgear, to raise pre-tax profits by 8 per cent from £728,000 to £787,000 in the six months to September 30.

Mr John Eccles, chairman, predicted that given order books were somewhat stronger than at the same time last year, the company expected to make further progress in the second half.

The shares responded with a 7p rise to 185p yesterday. Trading conditions generally showed a modest improvement during the period, Mr Eccles said. Although inflation at the consumer price level remained low, raw material and electricity prices continued to rise sharply and this was putting increased pressure on foundry margins.

First-half turnover advanced from £9.95m to £10.4m, while interest charges were lower at £70,000 (£86,000). Earnings per share increased from 6.82p to 7.35p and the interim dividend has been stepped up to 2p (1.75p).

Christie back in black with £11,000

Christie Group, the specialist business agency, returned profits of £11,000 pre-tax over the six months to September following three years of first half losses.

The turnaround, which compared with a previous deficit of £507,000, was struck from a

turnover little changed at £7.62m (£7.57m). Earnings of 0.86p compared with losses of 2.8p.

Christie has no net borrowings and the directors said they were confident the group would emerge from the recession with a "significantly enhanced market position."

Personal Assets shows improvement

Personal Assets Trust raised net asset value to £26.23 per share at the end of October, against £25.18 six months earlier.

Net revenue for the six months increased from £90,000 to £164,000 and earnings per share came out at 1.06p (0.8p). The interim dividend has been raised to 0.55p (0.55p).

Glynwed makes £1.5m German buy

Glynwed International, via its plastics division's Italian subsidiary, Formatura Italiana Polimeri, has acquired a substantial part of the assets of Sed Armaturen GmbH, of Bad Rappenau, Germany for DM3.78m cash or £1.5m sterling.

The new business has been renamed Sed Ventilsysteme. It employs 20 people, has an annual turnover of DM4.6m (£1.8m) and specialises in the development and manufacture of diaphragm valves and their automatic control systems.

Wyevalle Garden calls for £10.9m

Wyevalle Garden Centres is raising about £10.9m through a rights issue of 7.54m ordinary shares at 152p each. The issue is on the basis of 2-for-9 ordi-

nary shares and 2-for-1 preference.

The shares fell 4p to 181p. The company, which recently traded on the US Applied for admission Official List and dealing shares are expected to today.

It also announced the station of Charles Gledhill, near York for £1.2m in Wyevalle said it was also offering other security opportunities and the proceeds would be used to respond quickly to market material.

The issue is fully underwritten by Morgan Grenfell brokers and Credit Lyonnais.

Foster Wheeler a John Wood venture

John Wood Group and Foster Wheeler have acquired the JP Kenny group its v wide engineering compo other than those in the Soviet Union. The deal worth about £2m, includes capital injection by the company.

A new company, JP-K Engineering, has been formed to take over all the spec pipeline and underground engineering services. It has a stated turnover of £14m for first nine months of this year and about 330 full-time employees worldwide.

John Wood, based in Aachen, is the UK's largest tenuous oil services company and Foster Wheeler is the subsidiary of Foster Wheeler Corporation, the US engineering company. The two companies, who already have joint ventures together, said that Kenny's expertise would expand their services to the and gas industries.

European Colour doubled to £521,000

European Colour, the Stockport-based chemical colour manufacturer, reported pre-tax profits almost doubled at £531,000 for the six months to September 30, against £265,000.

Sales advanced 11 per cent from £8.93m to £7.75m with a 23 per cent rise in Europe. Earnings per share were 1.16p (0.59p) and the interim dividend is being raised to 0.35p (0.275p).

Mr Henry Finchett, chairman said the improving profit trend, which had started to emerge at the interim stage last year, had continued.

Sales growth was the result of its product development programme. Profit growth had been helped by further improvements in production efficiencies.

On prospects, Mr Finchett said demand had declined, particularly in Europe over the last six months, but the company had been able to make up for that by increasing the number of European customers.

Etam calls truce with Oceana

By Peggy Hollinger

ETAM, the fashion retailer, yesterday declared a truce with its erstwhile foe and largest shareholder, Oceana Investment, by appointing to its board two directors from the South African held group.

Royal Doulton's rivals have suffered similar fates. The global fine china market - of which Royal Doulton claims 10 per cent - is estimated to have declined by 20 per cent in the

trate on its business. "It allows us to focus on the bottom line and not be looking over our shoulders," Mr Miles said.

Oceana is the vehicle for the South African Lewis family, which owns a 50 per cent share in one of the country's leading fashion retailers, Foschini, and 36.25 per cent of Etam. Oceana failed in its hostile £121m bid to take over Etam two years ago and in efforts to get board representation.

Mr Miles said Etam had

dropped its resistance to board appointments after it became clear that Oceana backed the current strategy. "It was a realisation that they are not short-term players and that they have decided to support the management," Mr Miles said.

The new directors will form part of the 14-strong Etam board. Oceana intends to continue adding 1 per cent a year to its Etam holding, as allowed by takeover rules.

Reorganised Ingham at £1.5m

INGHAM, the worsted spinner and car parts distributor, returned profits of £1.47m pre-tax for the half year ended September 30.

The car parts division, Transtar International and Moss Europe, acquired in September 1992 and May 1993 respectively, contributed £1.23m.

The comparative figure given of £1,350,000 stemmed from the spinning and property trading activities.

Group turnover totalled £13.55m (£12.98m), of which car parts contributed £10.25m - the division mainly retail parts for British classic sports cars.

Moss Europe performed well, but Transtar

continued to suffer from the recession and the sale of its direct business in the US to Millard which had the effect of reducing its turnover and profits.

Profits of George Ingham, the worsted spinning activity, rose to £115,000 (£85,000) and the company still has a "strong order book".

Exceptional credits of £286,000 (nil) mainly reflected the disposal of Transtar's direct US business.

Earnings emerged at 7.1p (3.1p). An interim dividend of 1.75p (1.5p) is being paid - the directors have already announced their intention to recommend a total of not less than 4.75p.

How do you keep up with an expanding Europe?



Europe's essential online business information service from the Financial Times.

You need FT PROFILE. As a Financial Times reader, you already know where to turn for authoritative reporting on the issues and events that influence European business. FT PROFILE draws on this authority

and on hundreds of other equally important information sources to give you the facts you need - in just seconds. FT PROFILE is easy to use. All you need is a PC, a phone line and access to FT PROFILE. It helps you sift through the millions of pieces of available information for the facts that can make the difference between a good guess and an informed decision.

To learn more about how FT PROFILE can enhance your perspective on business in Europe and the world, call us now, or simply complete and return the coupon to...

FT PROFILE, P.O. Box 127, Sunbury, Middlesex, TW16 7UD, Great Britain. Tel: +44 (0)20 761444

Financial Times Information Services, Nieuwoudtstraat 2, 6000 Prinsloo, Belgium. Tel: +32 (0)2 505 113

Financial Times Information Services, Bureau de Vente France, 100 Rue de Rivoli, 75001 Paris, France. Tel: +33 (0)1 42 97 00 18

Name _____
 Job Title _____
 Company _____
 Name of business _____
 Address _____
 Postcode _____ Telephone _____
 Country _____

No. of employees ☐ under 50 ☐ 50 to 100 ☐ over 100
 I already use online ☐ Yes ☐ No

FT PROFILE
 BUSINESS INFORMATION
 PART OF THE FINANCIAL TIMES GROUP

The Top Opportunities Section

For senior management positions

For advertising information call:

Clare Peasnell
 071 873 4027

Elizabeth Arthur
 071 873 3694

Power for electricity generated by the performance of the electricity market in the United Kingdom			
Year	Generation (TWh)	Consumption (TWh)	Export (TWh)
1989	100.0	95.0	5.0
1990	105.0	100.0	5.0
1991	110.0	105.0	5.0
1992	115.0	110.0	5.0
1993	120.0	115.0	5.0
1994	125.0	120.0	5.0
1995	130.0	125.0	5.0
1996	135.0	130.0	5.0
1997	140.0	135.0	5.0
1998	145.0	140.0	5.0
1999	150.0	145.0	5.0
2000	155.0	150.0	5.0
2001	160.0	155.0	5.0
2002	165.0	160.0	5.0
2003	170.0	165.0	5.0
2004	175.0	170.0	5.0
2005	180.0	175.0	5.0
2006	185.0	180.0	5.0
2007	190.0	185.0	5.0
2008	195.0	190.0	5.0
2009	200.0	195.0	5.0
2010	205.0	200.0	5.0
2011	210.0	205.0	5.0
2012	215.0	210.0	5.0
2013	220.0	215.0	5.0
2014	225.0	220.0	5.0
2015	230.0	225.0	5.0
2016	235.0	230.0	5.0
2017	240.0	235.0	5.0
2018	245.0	240.0	5.0
2019	250.0	245.0	5.0
2020	255.0	250.0	5.0

These are the latest figures for the electricity market in the United Kingdom. The figures are based on the latest available data from the Central Electricity Generating Board (CEGB) and the Electricity Supply Board (ESB). The figures are subject to revision as more data becomes available.



Budget Day Fax Service

On Budget Day for the first time, FT Cityline will make the full text of the Chancellor's speech and a short summary available by Fax Broadcast.

This service will be provided by the Central Office of Information on behalf of H M Treasury.

Subscribers to the service will receive their documents by Fax automatically. The Fax Broadcast will be started shortly after the Chancellor has completed his speech.

Order now by phoning the Budget Day Fax Service ordering line on:

+ 44 272 76 89 78

The service will cost £29.90.

Credit cards and cheques will be accepted as methods of payment. Cards accepted will be Access, Visa, American Express or Cheque. Please have your credit card to hand when phoning the order line. If paying by cheque, please have pen and pad available to note down any details.

Facilities Provider: Telecom Express (071) 412 0412

TO: H
 NOTIC
 outstan
 Compa:
 between
 In orde:
 "bearer
 the cert
 below a
 Debentu
 Eurocle:
 the Tru:
 transmi
 Debentu
 Upon re
 acceptat
 forward
 may be,
 Corpora
 shares c
 conversi
 bearer D
 the instri
 shares of
 Further c
 below.
 DATED.

Montreal
 510 Burr
 Vancouver
 (604) 661

Euroclear
 #4 Rue D'
 B1000 Br
 Belgium
 322) 224-

Front cover.



Back cover.



That about covers it.

One airline is rewriting the book on international business travel. Covering thirty-three nations across five continents and two oceans every day. And giving you friendly skies wherever you go, to hundreds of cities worldwide. Cover to cover. Come fly the airline that's uniting the world. Come fly the friendly skies.

For reservations call United on 081 990 9900 in London, or 0800 888 555 from all other areas.

 **UNITED AIRLINES**

KOREAN FINANCIAL MARKETS

Thursday November 11 1993

INITIAL scepticism about President Kim Young-sam's commitment to financial liberalisation has been replaced by growing optimism that the new South Korean leader is serious about deregulating one of Asia's most protected capital markets.

Liberalisation hopes were given a boost in mid-August when Mr Kim announced a ban on the tax dodge of using false names in financial transactions, which will increase transparency in the banking industry and money markets.

But perhaps the most significant result of the ban on anonymous accounts will be that it may accelerate implementation of the government's five-year (1993-1997) financial reform plan, which was announced at the beginning of July.

Requiring the use of real names in financial dealings has increased pressure on the government to introduce other changes to counter the threat of untaxed money flowing out of banks and into the large underground economy - estimated to be equal to 20 per cent of gross national product - over the next several years.

Deregulation of all interest rates - a crucial component of the reform package - is considered instrumental in preventing a liquidity drain because it would give banks the freedom to offer higher deposit rates and by doing so improve their ability to attract funds.

The government has freed most lending rates earlier this month and it has been suggested that deposit rates will be deregulated completely ahead of the current 1996 deadline.

The financial stability of the banks will also be improved as the government gradually reduces its interference in the allocation of credit. The state's past policy of forcing banks to give low-interest loans to strategic industries has burdened them with a large share of non-performing assets.

Meanwhile, barriers to the free flow of capital into and out of the country are also set to be dismantled. Foreigners will gain wider access to the stock and bond markets. Restrictions are being eased on Korean cor-



Kim Young-sam/Seoul: hopes for liberalisation increased with the announcement of a ban on anonymous accounts, a move which may accelerate the government's five-year financial reform plan



AP/Wide World

Freedom moves higher up the agenda

One of the world's most tightly controlled markets is finally facing the prospect of deregulation. John Burton finds a growing awareness that the system's restrictions are hampering the nation's economic growth

porate borrowing abroad. The exchange rate system will be liberalised.

These changes are taking place as Korean officials acknowledge that the current financial system has outlived its usefulness.

The present financial structure was shaped by the critical role it played in the country's centralised economy during the past three decades. The state, for example, used the banking system to funnel scarce capital to the heavy industries that led Korea's export drive. Interest rates were kept under control to ensure that strategic companies were provided with cheap funds.

But the past few years have provided a wealth of evidence that the state-controlled financial system is now hindering

industrial performance and hampering economic development.

Credit allocation has become increasingly inefficient and this has created distortions in the industrial structure. Money has been poured into favoured industries that are no longer competitive.

The government's credit policy also promoted the economic dominance of the nation's large conglomerates, or chaebol, while hindering the growth of small and medium-sized businesses. The widely-diversified chaebol have grown too unwieldy and need to concentrate on a few core industries. The lack of funds for the small business sector has meant that the country's subcontracting network remains underdeveloped, while entrepreneurial ventures have been stifled.

concentrate on a few core industries. The lack of funds for the small business sector has meant that the country's subcontracting network remains underdeveloped, while entrepreneurial ventures have been stifled.

Credit allocation has become increasingly inefficient and this has created distortions in the industrial structure. Money has been poured into favoured industries that are no longer competitive.

COMPANIES that are competing for funds on the open financial markets must pay high interest rates. Deregulation would eliminate the two-tier financial system of cheap state-directed industrial loans and expensive open-market funds, thereby creating a more rational distribution of credit governed by market forces.

A deregulated financial market and the increased inflow of foreign investment would eventually lower the nation's high capital cost structure and improve corporate balance sheets, which are highly-leveraged.

This would allow companies to spend more money on such long-term goals as research and development instead of devoting considerable financial resources to servicing their debts. Increased R&D spending is vital since Korea lacks strength in advanced manufacturing industries that offer export potential.

While economic arguments alone provide a compelling reason for Korea to adopt financial liberalisation, it is also facing foreign pressure to relax restrictions. The conclusion of the Uruguay round of the General Agreement on Tariffs and Trade negotiations would push the move toward free trade in financial services.

Korea must also internationalise its financial market if it wants to achieve its goal of joining the Organisation for Economic Co-operation and

Development by 1996. The US has been a persistent critic of Korea's closed financial market. Washington claims that the financial restrictions not only hamper the operation of foreign banks in Korea, but also represent a barrier to foreign investment in the country.

Foreign companies, for example, have difficulties in raising sufficient funds to expand activities. That argument has proved persuasive since Korean officials are worried about declining foreign investments and a growing number of disinvestments. Although momentum appears to be increasing in favour of financial liberalisation, some foreign financial representatives in Seoul remain cautious about the scope and timing of the deregulation measures.

"It all looks fine on paper, but we still have yet to see most of the steps being taken," said the head of a western brokerage firm. Indeed, some of the most important liberalisation measures are not scheduled to be introduced until 1996.

This has raised concerns that the Korean government may revert to its past record of announcing reforms and then delaying them. The current five-year liberalisation plan, for example, is only the latest of several similar programmes that have been offered over the past few years, but which have failed to be implemented.

Ministry of finance officials argue that this time things will be different. They point out that the government is showing greater commitment to liberalisation by offering a precise timetable for the reforms.

Their introduction will also no longer be dependent on the achievement of macro-economic preconditions, a feature of previous plans that critics charged would delay the reform process. Moreover, a few reforms, such as the easing of controls on foreign exchange transactions have been introduced ahead of schedule.

But the most significant factor that could guarantee successful implementation of the plan this time is Mr Kim's anti-corruption campaign, which is weakening bureaucratic resistance to change.

The bureaucracy opposed liberalisation because state control of the economy provided officials with the opportunity to accept bribes in return for granting favours to business.

However, the ban on anonymous accounts, which were used to hide pay-offs, has deprived officials of the possibility to keep their ill-gotten money out of sight. The result is that bureaucrats may have less incentive to maintain financial controls.

Moreover, Mr Kim has installed a new generation of reform-minded technocrats who argued that financial liberalisation is necessary to achieve "economic democracy" in what the president has proclaimed as the "New Korea".

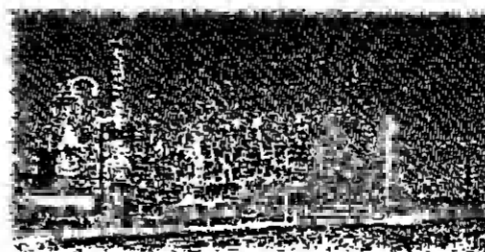
From CHIPS To SHIPS



Hyundai continues its commitment to advanced technologies and innovations. In 1992, we introduced the next generation 64M DRAM chips, firmly establishing ourselves as a new force in electronics.

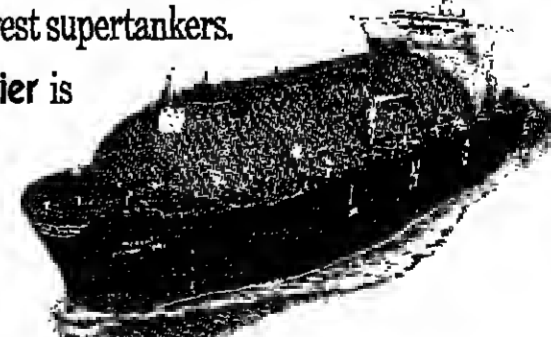
Hyundai's Excel, Sonata and Elantra have gained fame in the world's auto markets since 1986, setting the stage for the introduction of the HCD-2 sports car in 1993. This truly unique coupe-style sports car embodies Hyundai Motor's vision in performance and aesthetics.

Hyundai is also focusing its R&D endeavors on environmentally sound technologies. As a result, we've developed the magnetic levitation train free of noise and air pollution, a revolution in mass transit systems of the future.



Hyundai's expertise in turn-key base engineering and construction projects worldwide has earned us more than US\$24 billion in overseas contracts. Some of our projects have been completed even in the most difficult environmental conditions, from Siberia to the South Pole.

Hyundai, as a leader in the world's shipbuilding industry, has delivered over 530 vessels including some of the world's largest supertankers. The recently launched Moss-type LNG carrier is a result of our leading-edge technologies and innovative designs.



From chips to ships...
Hyundai. Making life better through quality and innovation.

HYUNDAI
Building a better future for everyone.

KOREAN FINANCIAL MARKETS 2

The nation's banks must adapt or face extinction, writes John Burton

Over the first hurdle

THE NEXT five years promise to be a period of upheaval for South Korea's highly-protected and regulated banking industry as it becomes buffeted by the winds of financial liberalisation.

Inefficiently overmanned and saddled with a large amount of non-performing loans, some of the nation's 23 city and regional commercial banks are threatened with extinction unless they adapt swiftly to the demands of a deregulated market.

But confidence has risen that the banks may prove equal to the task after they successfully passed the first test of financial liberalisation: a ban on anonymous bank accounts ordered by President Kim Young-sam in August. Despite widespread predictions that tax dodgers would withdraw large amounts of funds and deplete the banks' deposit base, the reform barely caused a ripple.

A requirement that false-name account holders show identification before withdrawing their funds robbed them of their anonymity and discouraged them from emptying their accounts. Another advantage was that funds held in fictitious-name accounts represented only 1.9 per cent of the Won154,100bn deposited in banks.

But the banks are still worried about a bigger potential problem resulting from the real-name financial system. The government wants nominee accounts, which

use borrowed names, to be registered under their owners' true identity by 1996, when a comprehensive tax system is to be introduced.

At least Won30,000bn, or a fifth of bank deposits, are estimated to be in borrowed-name accounts. Banks fear a steady outflow of deposits over the next two years as account owners try to beat the tax man. Moreover, the identification process that halted withdrawals from false-name accounts is useless in the case of nominee accounts.

Regulated interest rates have proved to be both a blessing and curse for Korean banks

The threat of an erosion of the banks' deposit base may force the government to accelerate the deregulation of interest rates and improve the banks' ability to gain new funds.

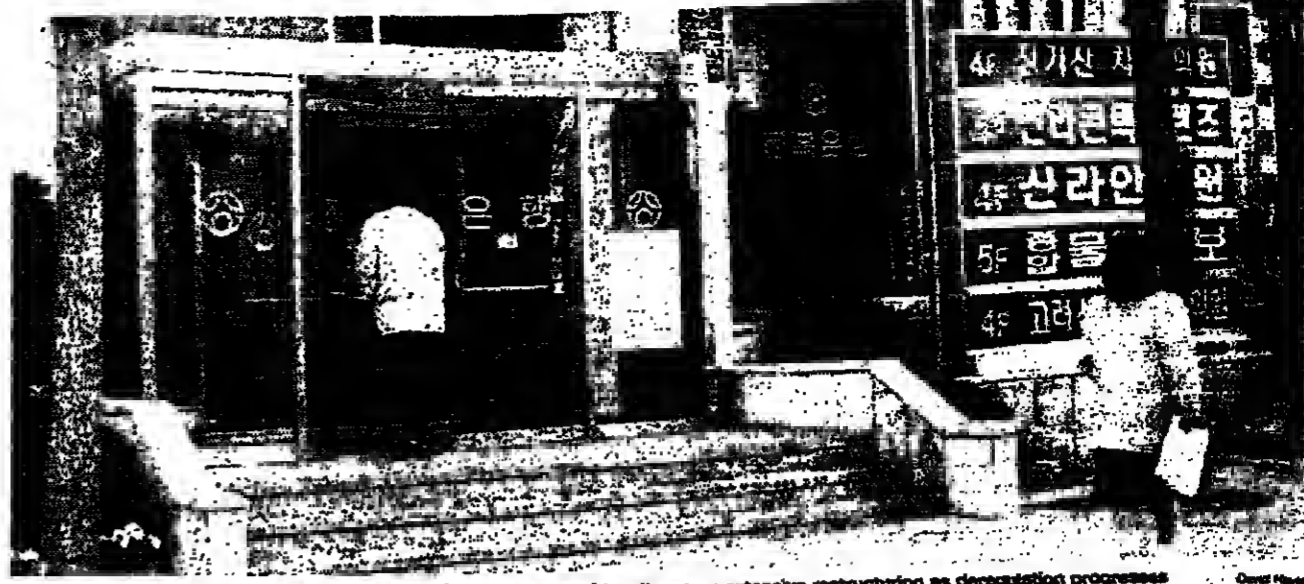
Regulated interest rates have proved to be both a blessing and curse for Korean banks. The healthy interest rate spread guaranteed under the system contributed to the 38.4 per cent rise in the 1992 operating profit for commercial banks, which amounted to Won2,596bn, although operating income growth slowed to 12.3 per cent in the first half of 1993 as bad economic

conditions depressed credit demand.

The bank deposit rates set by the government, however, also represent a problem since they are lower than those offered by short-term finance companies, making it difficult for banks to attract funds. Banks account for 45 per cent of all funds deposited in financial institutions. Moreover, asset formation is slowing down as the economy stumbles.

The liberalisation of both lending and deposit rates, which is now scheduled to be completed by 1996, could enable banks to retain their deposit base and sustain their margin spreads through higher loan rates.

The government freed almost all lending rates at the beginning of this month and it has hinted that it will complete the liberalisation of deposit rates, 40 per cent of which are now unrestricted, ahead of its 1996 deadline. The ministry of finance also says it will phase out the credit allocation policies that have burdened the banks with a large amount of non-performing loans, totalling Won10,200bn or almost 7 per cent of all bank credits.



Branch office of the Jeon Buk Bank, Seoul: the industry is expected to witness an extensive restructuring as deregulation progresses

The government has required banks to provide as much as half of their loans at below market rates to designated strategic industries. In addition, the banks have also been forced to set aside 45 per cent of their loans for small and medium-sized businesses.

These credit control policies have severely limited the banks' autonomy and prevented them from operating efficiently. "Interest rate deregulation and the abolition of credit controls will allow the banks to operate in a regular manner instead as a financial tool of the government," said

John Wadde, a banking analyst for BZW in Seoul.

But not all of the Korean banks are likely to survive in a deregulated market and the industry is expected to witness an extensive restructuring.

The government may encourage bank mergers by easing ownership rules that limit shareholding stakes. The result could be the emergence of two or three Korean mega-banks by the end of the decade. The merger of strong banks with weaker ones would help solve the bad loan problem and encourage rationalisation of operations.

Banks might also be permitted to engage in other financial sectors, such as brokerage and investment consultation, to increase turnover and profits. However, these proposals alone may not be able to remove the serious threat posed by the large amount of non-performing loans. Instead of the government halting out the troubled banks, there are suggestions that so-called "bad banks" should be created to manage dodgy assets or that banks should be permitted to transform bad loans into equity stakes in creditor companies.

■ PROFILE: SHINHAN BANK

Youth and modesty contributing factors

MEDIUM-SIZED Shinhan Bank has emerged as one of the best performers in South Korea's troubled banking sector.

Shinhan, founded in 1982 by a group of Korean businessmen living in Japan, was the first of seven commercial banks created over the past decade as part of a government policy to foster competition against the country's six main city banks. It now ranks as the country's sixth largest bank with 126 branch offices and total assets of Won16,600bn last year, having doubled in size since 1989.

Analysts predict that its rapid growth will continue. After posting a 23 per cent growth rate in total assets last year, assets are likely to increase by 16 per cent in 1993 and 21 per cent in 1994, according to one estimate by BZW in Seoul.

Although net earnings grew by a meagre 8.3 per cent to Won125.2bn in 1992 and are expected to decline by 4.2 per cent to Won120bn this year due to increased taxation, it still has the third largest bank

profits in Korea after the much bigger Korea First and Hanil banks. Operating income, however, is expected to jump by 27 per cent in 1993 and 1994, after growing by 8 per cent last year.

Shinhan's relative youth and modest branch network are two reasons it is able to maintain high profit margins and one of the strongest capital bases among Korean banks.

The fairly recent establishment of Shinhan has meant that it has not been forced by the government to provide a large amount of the low-interest industrial policy loans that have caused bad debt problems for older banks.

Its non-performing loans at

the end of 1992 amounted to Won210bn, or 2 per cent of total loans. In contrast, the ratio of non-performing loans for the six main city banks was 8.8 per cent of total credits.

The bank has been able to maintain a strong balance sheet in terms of capital and assets

Its. This has meant that Shinhan has been able to maintain a strong balance sheet in terms of capital and assets.

Most Korean banks will be forced to boost their equity base or keep lending growth in check to fulfil the Bank of

International Settlements' global capital adequacy ratio of 8 per cent by 1995. Shinhan, however, already has the highest BIS ratio among commercial banks at 13 per cent.

The size of Shinhan's branch network has meant it has so far avoided the overstaffing problems that are reducing profits at other Korean banks.

Although wage levels at Shinhan are higher than average for a Korean bank, so is the level of employee productivity. The profit-per-employee ratio is four times the average for the commercial banks.

Operational efficiency has contributed to Shinhan's ability to maintain the highest return-on-assets among Korean

commercial banks during the past four years.

Shinhan also enjoys the highest lending margins among the main commercial banks, with an estimated interest rate spread of 3.5 per cent last year.

This reflects its strategy of focusing on lending to small and medium-sized companies. The growth of these businesses is favoured by the government and the central bank is giving cheaper funds to banks willing to lend to them.

Shinhan has taken advantage of this policy to increase its lending margins, with its exposure to the small business sector accounting for an estimated 65 per cent of its loan portfolio against 45 per cent for most other banks.

"Shinhan is concentrating on a market niche avoided by most banks which believe that lending to small companies is too risky. But Shinhan is developing a skill in credit analysis that is often lacking in other banks which have relied too much on lending to big corporate customers," said John Wadde, a banking analyst at BZW.

Nonetheless, Shinhan was forced to more than double its loan loss provisions last year when the small business sector suffered a record number of bankruptcies as the government squeezed credit to reduce inflation. Bankruptcies are expected to decline this year and Shinhan is considered fully provisioned for loan losses.

The bank is now concentrating on selectively expanding its retail network into rapidly growing urban neighbourhoods, with at least 20 branches being opened a year. It has also recently focused on developing business abroad, particularly in south-east Asia, which is a favoured site for Korean foreign investment.

John Burton

■ PROFILE: KFB

Clearing the way

KOREA FIRST BANK, the country's second largest commercial bank, has gained a reputation for being the most aggressive among the older banks in preparing for a deregulated financial market.

The efforts it has made to rationalise operations, such as reducing staff levels and introducing automation, are already bearing fruit.

It reported the largest profits among Korean commercial banks last year, with a 53 per cent climb in net earnings to Won147bn. Net profits rose by 77 per cent to Won81bn during the first half of 1993 and analysts expect earnings to reach Won150bn for the full year.

Its operating income grew by an impressive 88 per cent in 1992, although this will slow to only 9 per cent growth this year because of the economic slowdown and weaker demand for credit.

The Office of Bank Supervision rated KFB as the best managed bank in 1992.

The rationalisation programme was launched by Park Ki-jin, who became the bank's president in 1991. It was thus ironic that Mr Park was forced to resign this spring when it was alleged that he had provided questionable loans to a failed property company run by his brother. He was the third bank president forced from office this year as a result of a government investigation into corrupt practices in the banking industry.

Mr Park's departure, however, has not slowed down the reforms at KFB, which was established in 1929 as the Savings Bank of Korea.

The main emphasis remains on improving efficiency. An

elimination of 300 jobs over the past two years has reduced the staff level to 8,900, around 600 fewer employees than at the other main banks. It already has the lowest ratio of overhead costs per unit of operating income at 44.7 per cent against an industry average of 48.2 per cent.

The bank plans further job cuts through natural attrition that will reduce its staff to 8,360 by 1995, even as it increases its domestic network - the smallest among the big city banks - to 305 branches from the current 276.

KFB is depending on the installation of automatic cash-point machines, which have only been recently introduced to Korea, and upgrading computer systems to compensate for the personnel cuts.

It is also promoting a progressive personnel management policy in an attempt to improve customer service. Last year, it became the first Korean bank to guarantee equal career advancement opportunities for employees.

Profits have been improved by deft financial management. It relies less than other banks on holding certificates of deposits, the costliest source of funds. It has become an aggressive trader in the stock market and reported the industry's biggest gains from securities last year. It also recorded the second-best performance in the industry for managing trust assets after the Bank of Seoul, which specialises in the trust business.

KFB must still contend with the critical problems that are also affecting the other older banks. It has a high percentage of non-performing loans,

amounting to Won1,850bn or 8.9 per cent of total credits, although its provisions for doubtful accounts has reached 2.1 per cent of loans, above the central bank's 2 per cent guideline.

It may also need to raise new equity to meet the Bank of International Settlements' capital adequacy ratio of 8 per cent by 1995. The bank claims that its equity/assets ratio is 10 per cent, but independent analysts estimate that the ratio is closer to 7 per cent.

Nonetheless, its capital base remains strong. Total assets amounted to Won27,498 at the end of 1992. It accounts for 14 per cent of loans and 17 per cent of deposits among the commercial banks. Its business is heavily oriented toward the corporate sector, accounting for 50 per cent of loans which are almost evenly divided between large and small companies.

KFB, which is already one of the most active Korean banks overseas, is now concentrating on expanding international activities.

It has developed its foreign exchange business by taking the unusual step for a Korean bank of hiring overseas bankers. It is taking a lead in international financial trading, including floating bonds overseas and managing international syndicated loans.

But net profits from its overseas branches fell by 25 per cent last year to \$9.7m because of large loan loss reserves following a sharp rise in non-performing loans. Loan loss provisions are expected to rise further this year.

John Burton

Tracy Corrigan looks at the problems faced by foreign bankers

Profitability strained

WHILE foreign brokers moan about the ceiling on foreign share ownership, foreign bankers in Korea have their own gripes.

The controlled interest rate environment makes it hard for them to compete for business. Wage costs have spiralled in recent years and labour relations are worsening. The government requires bank branches to put up substantial capital, which reduces their profitability. And the economic slowdown has led to greater credit problems.

Most foreign banks in Korea are involved primarily in the corporate banking sector. According to official figures, the total assets of foreign banks accounted for 10 per cent of the market, or Won16,914bn last year. However, their market share in deposit-taking is minuscule - around 1.4 per cent of the total, or Won350bn.

Most of the foreign banks' business is with Korean companies, and consists of short-term credits, often related to trade finance. There is also relatively limited foreign exchange business. However, these markets should grow as the interest rate environment is deregulated over the next few years.

Because of the current lack of a liberalised lending market, the bank market is supplemented by a so-called "kerb" market. The kerb market is a source of funds lent often by wealthy individuals to small-size businesses which find it difficult to borrow from banks.

The reason it is so hard for them to persuade the banks to lend is that banks are only allowed to charge rates within a restricted range, which discourages banks from lending to weaker credits.

"There is not a free market," said one banker. "Banks are given 'guidance' not to charge above a certain rate. Foreign banks are profitable but it is by using up capital from head office, because branches have to be heavily capitalised. The Bank of Korea assumes capital is free but it's not."

In fact, the profitability of foreign banks is difficult to assess because some banks

are charged by their head office for the cost of capital, while others are not.

"A lot of the profitability of banks is just the differential between Libor - the assumed funding cost for the capital - and returns on assets," said one banker.

In addition, banks have experienced an increase in bad debt over the past two years, as a growing number of Korean businesses have failed.

The strains on profitability have brought to a halt the flow of arrivals of foreign banks into the country. Foreign banks currently number 52.

"With labour costs and other aspects of the operating environment, commercial bank entry will be very slow," said Paul Muther, general manager of the First

Bankers believe a spate of labour problems that have taken place this year is something which could threaten their future

National Bank of Chicago and head of the Foreign Bankers Group. He said this year was an important one for the bank. "We have reached a crossroads in the profit dynamics".

Higher wage costs and flat revenues mean that profits are falling. "Broadly speaking, a typical foreign bank branch in 1992-3 is generating approximately the same revenue as five-years ago - but the cost of unutilised staff has gone up roughly 100 per cent," Mr Muther said.

Bankers believe a spate of labour problems that have taken place this year is something which could pose a threat to their future.

Disputes at ABN Amro and the Bank of Boston have been settled but a strike at Citibank continues and trouble is brewing at Bank of America, Banque Nationale de Paris, Banque Paribas and Standard Chartered. With the exception of Citibank, where the dispute concerns an employee welfare fund, the other strikes are all

based on pay claims. These claims often run into double figures.

Foreign bankers argue that their industry cannot sustain these types of pay increases, and that the net result of the high pay claims is that those foreign banks already in the market have stopped expanding their operations and other banks have been discouraged from entering the market at all. "Unless we can get employee compensation under control, there is no future to the business," Mr Muther said.

Most foreign banks are involved only in corporate banking, and eschew the even more difficult retail market. The exception is Citibank, which has 11 branches in Korea. According to John Beaman, country corporate officer of Citibank, the retail banking strategy for Citibank in Asia is "sharply focused. The nationwide banks have several hundred branches, so it doesn't cost them that much to set up a new branch. It costs us a lot of money."

The strategy therefore is to concentrate on products which do not require frequent visits to the bank by customers, such as credit cards and telephone banking, and to target upper-income customers. The bank has a policy of "locating branches in upper-income residential neighbourhoods," he said.

Because most Korean housing is high-rise, the population tends to be highly concentrated and one branch can serve a far higher number of people than it would elsewhere. For example, within one kilometre of Citibank's branch south of the River Han in Seoul are some 200,000 households.

Citibank does not target expatriate clients. In fact, the branch in Seoul's expatriate district was closed, as expatriates do not tend to keep substantial sums of money in the country.

Other foreign banks are not considering entering the retail market. Most of them are preoccupied by the necessity of maintaining their fragile profitability in the corporate sector.

THE LEADING EDGE IN KOREA

- Established in Seoul since 1985 to research the Korean market
- One of the first two foreign securities firms to establish a branch office in 1991
- Licensed to broker Korean equities worldwide since October 1991
- A leading manager and underwriter of international Korean equity issues
- Corporate finance, advisory, research and brokerage capabilities
- Leading foreign investor in the Korean market



Jardine Fleming
The leading edge in Asia Pacific.

HONG KONG • TOKYO • SEOUL • SHANGHAI • TAIPEI • MANILA • BANGKOK • KUALA LUMPUR • SINGAPORE • JAKARTA • BOMBAY
LAHORE • COLOMBO • SYDNEY • MELBOURNE • WELLINGTON

Incorporated by Jardine Fleming Asset Management Ltd. A member of IMRO. For institutional and professional investors only.

TO: H
NOTIC
outstan
Compa
between
In orde
"bearer
the cert
below a
Debentu
Eurocle
the Tru
transmi
Debentu
Upon re
acceptat
forward
may be,
Corpora
shares c
conversi
bearer D
the instr
shares of
Further c
below.
DATED

Montreal
10 Burr
ancouve
(04) 661

roclear
Rue D'
000 Br
gium
(2) 224

The government says it will raise the ceiling on Korean stocks, writes Tracy Corrigan

Light at the end of the tunnel

LESS THAN two years after the Korean stock market was partially opened to foreign investors, the investment limits on most prime Korean stocks have already been reached.

Since January 1992, up to 10 per cent of Korean stocks has been available for foreign investment. According to In-Kye Hong, chairman of the Korea Stock Exchange, 25 per cent of companies have reached their 10 per cent ceiling, with about 200 shares at more than 9 per cent.

"That's a lot of the big shares," said Sean Goldrick, chief representative of James Capel's Seoul office. The rest of the market consists of shares in companies which are not

large enough to interest foreign investors.

While this is proving frustrating for brokers and investors, hope is in sight. According to the Korean government's five-year economic plan, the ceiling on Korean companies will be raised some time between 1994 and 1995 and again between 1996 and 1997.

However, Chang-Yull Lim, assistant minister at the ministry of finance, says he expects the ceiling on foreign investment to be raised in the first half of next year.

Mr Lim said he could not predict by how much the ceiling would be raised. Most market participants are looking for a further 5 per cent, bringing the ceiling to 15 per cent.

The government's gradual approach to liberalisation is dictated primarily by fears that a rapid inflow of foreign investment could fuel inflation. Even with the current limits, the inflow of foreign investment has been substantial: a net

'The most important factor is the potential impact of foreign capital on monetary stability'

\$2.6bn in 1992 and a net \$3.32bn for the first three quarters of 1993, according to the ministry of finance. This means that 8.2 per cent of the market is owned by foreigners.

"The most important factor is the potential impact of foreign capital on monetary stability," said Mr Lim. For example the \$3bn of net inflow this year accounted for 21 per cent of total money supply.

However, there are ways around the 10 per cent limit. One is to buy convertible bonds, or bonds with equity warrants issued in the Euro-bond market. Another is to buy stocks which have already reached their ceiling from another foreign investor. An over-the-counter market has developed in foreign-owned

stocks, which are bought and sold at a premium. There are 30 to 40 stocks traded in this way, usually at a premium of 3 to 4 per cent, but sometimes at a premium of as much as 50 per cent, as in the case of Korea Mobile Telecom.

But, according to Philip Smiley, branch manager and director of Jardine Fleming Securities, it is "terribly difficult to find a company (stock) in sufficient size to interest a foreign institution". Foreign investors are often loathe to sell, because they are afraid that they will not be able to get back into the market.

In any case, the performance of the Korean stock market has been disappointing, particularly when compared to other Asian markets such as Hong Kong and Thailand.

Korea's relative economic slowdown and declining profitability have weighed down the stock market's performance. But expectations of stronger growth next year had buoyed hopes of an improvement.

The introduction of real-name trading in August proved a setback for the market. In an effort to stamp out corruption, the government banned the use of false or borrowed names. False names had been

frequently used to avoid tax, or to hide the origin of illegal earnings. About W603,000bn was held in false-name accounts, estimated to account for 7 per cent of stock investor accounts.

"The market is coming out of a dip," said Mr Smiley. "We felt that there would be a genuine recovery in the last quarter [of 1993], but the [introduction of] the real-name system has knocked that back."

However, the real-name system has been broadly welcomed, particularly as it became clear that the setback to the market was temporary.

"It is not such a cataclysm as it was first thought," said William Daniel, branch manager of Baring Securities. This was partly because the government had proved flexible in its interpretation of the rules; he said, adding that it was expected eventually to help the market.

"It's a positive move and in the long term will bring greater probity," said one broker.

In the longer term, the prospects for the market's development remain attractive, not least because of Korea's strong industrial base - the second largest in Asia after Japan.

Already, the foreign investor base in the market has broadened from specialist regional



Traders on the Korean stock exchange: long-term prospects for development remain attractive

Outstanding balance of bonds (as of end of June 1993 in trillions of won)		
Type	Outstanding balance	Composition
National bonds	15.7	15.68%
Monetary stabilisation bonds	15.6	15.58%
Bank bonds	28	27.97%
Corporate bonds	32.7	32.67%
Others	8.1	8.09%
Total	100.1	100.00%

Source: Korea Development Securities

THE BOND MARKET

Barriers to foreign investors still in place

THE liberalisation of Korea's financial markets is taking a long time to reach the domestic bond market.

Under the blue-print for economic reform published in June, foreigners will be granted partial access to the bond market from next year. But they will not be able to invest directly in most domestic corporate bonds until after the current five-year plan. Even then, a limit is likely to be set on the total amount of bonds available to foreigners.

However, Korea's high interest rates mean foreign investors are likely to be keen to take advantage of the limited access they will be granted, particularly if real interest rates in the US, Europe and Japan remain meagre.

Under the second stage of the current plan, foreigners will be allowed to invest directly in equity-linked bonds issued by small and medium-sized companies next year. In 1995 they will be able to buy domestic bonds through investment trust-type vehicles. Under the third stage, they will be authorised to invest

Lim, assistant minister of the ministry of finance. "The first job is to narrow the interest rate differential". He believes this will happen as domestic interest rates are liberalised. Moreover, if the world economy picks up, interest rates elsewhere could start to edge up again.

Korea has a history of chronic inflation, fuelled by monetary expansion in the 1980s, when the government provided low-cost funds to parts of domestic industry. The fear of inflation is the main reason behind the government's so-called "step-by-step" approach. In fact, Mr Choi says the plan is to have raised the limit on foreign ownership of stocks to 25 per cent before opening the bond market further.

Further ahead are plans to develop the government bond market. "We are thinking of developing long-term bonds," said Mr Lim.

The Won35,000bn government bond market is highly illiquid. Much of the paper was issued at below market rates and so is not traded. Most of the paper has a one-year maturity, with some three-year bonds and some illiquid 10-year paper. But the government plans to create a liquid yield curve, with bonds at five, seven and 10 years. "In order to issue more bonds, the government will have to respect market rates," said Mr Choi.

Korea already has an active domestic corporate bond market, but most of the bonds are issued with a three-year maturity. Here too, the plan is to develop a yield curve.

In spite of being held back by restrictions, the Korean debt market has grown rapidly, with corporate bond issuance reaching Won11,155bn in 1992, from just Won963bn in 1980. The proportion of debt (including government, municipal and corporate bonds) relative to gross national product has risen to nearly 20 per cent, compared with 6.9 per cent in 1980, according to the Securities Supervisory Board.

As the amount of outstanding listed bonds has grown (from Won2,500bn in 1980 to Won65,000bn in 1992), turnover in the secondary market has also increased, from Won2,400bn in 1980 to Won45,900bn in 1992. While bonds are listed on the Korea Stock Exchange, most trading takes place in the over-the-counter market. This has been a progressive trend - OTC trading accounted for over 88 per cent of total trading volume in 1992 compared with only 46.3 per cent in 1987, according to Lucky Securities.

In spite of the growth of the market, it remains illiquid and bound by regulations. Nevertheless, foreign investors hungry for yield, would jump at the chance to buy top Korean corporate bonds paying 13 per cent, which, with relatively low inflation, would compensate them for any foreign exchange risk. But the government is loathe to open the market until the differential with other markets - the source of attraction for foreign investors - has been reduced.

Tracy Corrigan

TECHNOLOGY THAT WORKS FOR LIFE

SAMSUNG

Through commitment, innovation and technological leadership, Samsung has become one of the world's fastest-growing resources.

Not only are we on the forefront of electronics, but we've received worldwide recognition for our advances in chemistry and engineering as well. Below are just a few examples of how we are making technology work for everyone. For more, write

POSTFACH 5803, 85733 Eschborn, Germany
Phone 08196-570100
Fax 08196-74648

ELECTRONICS

RAM DRAM semiconductors
RISC workstation
100,000 circuit phone switching
High-definition TV
199-gram cellular phone
Green Monitors

ENGINEERING

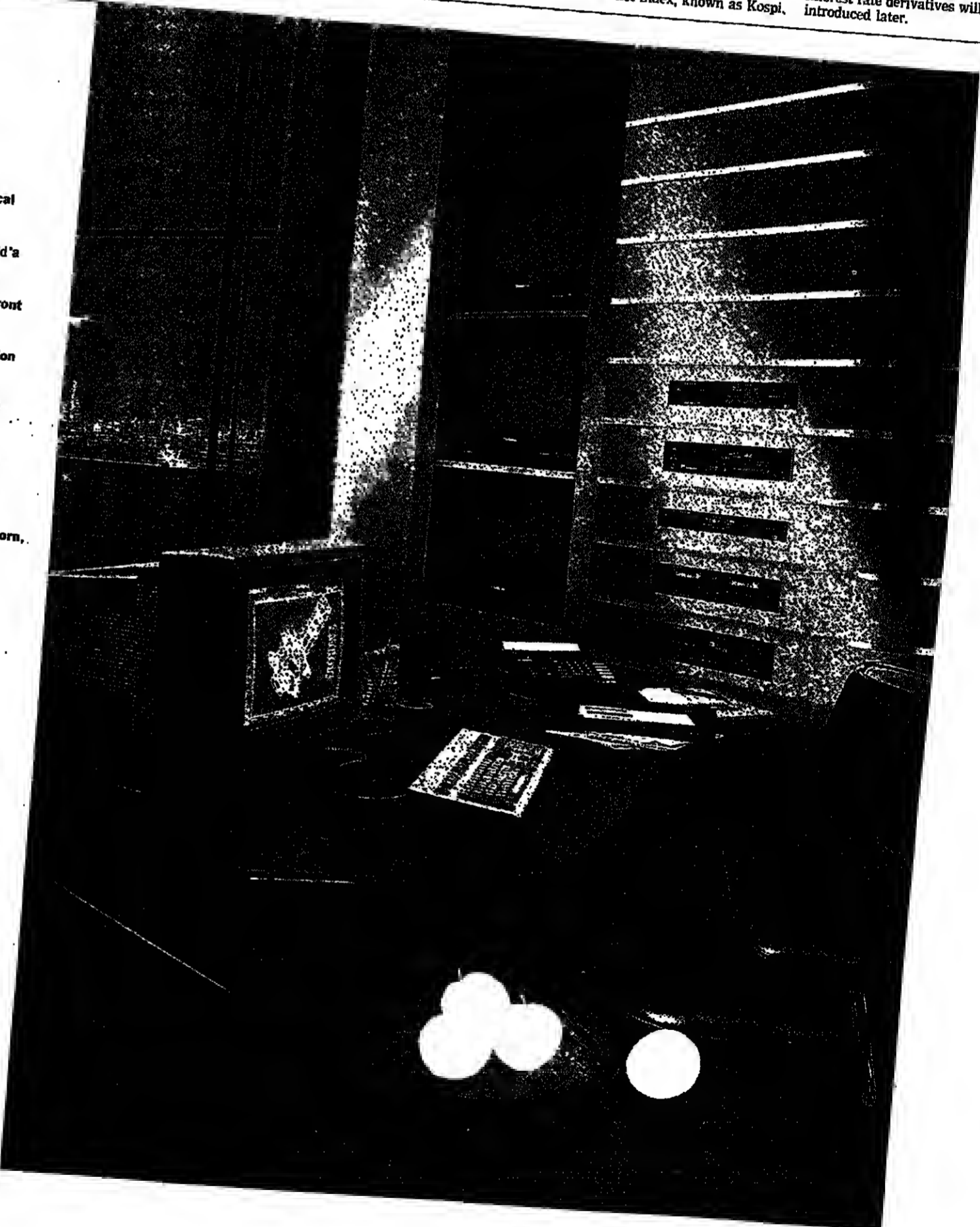
Double-hull oil tanker
Offshore oil and gas platform
SE series excavators
SL series loaders
Commercial vehicles
Power Plant

CHEMICALS

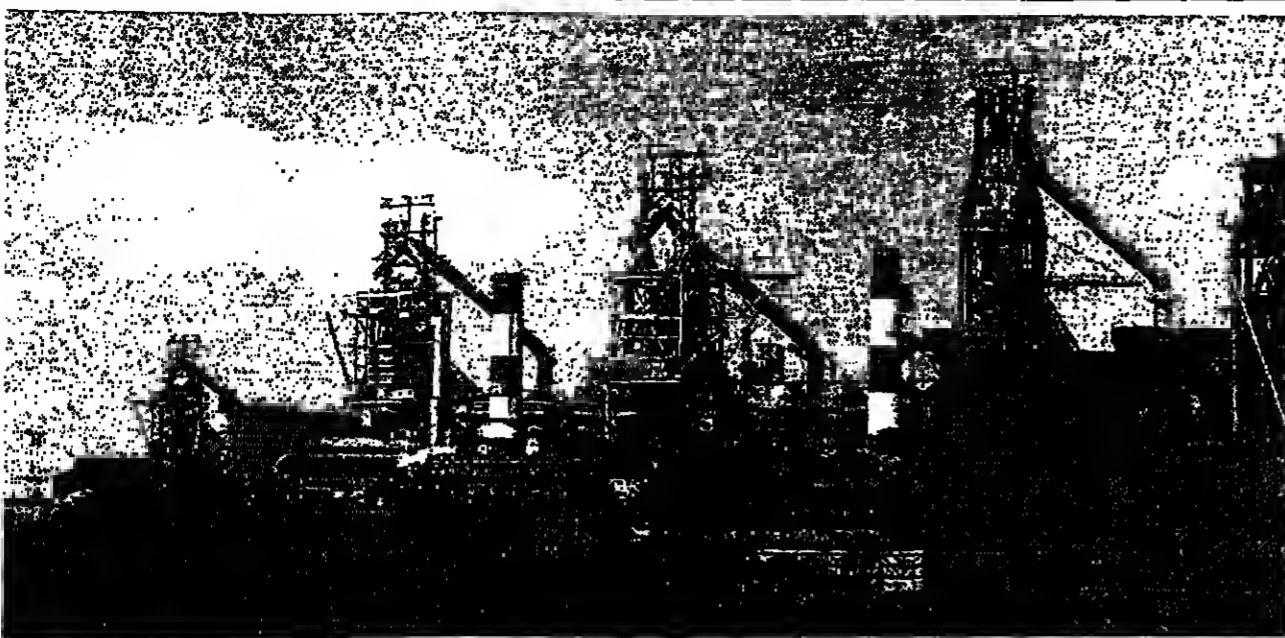
Engineering plastic
Petrochemicals
1PP ultrafine fabrics

© 1993 The Samsung Group

SOMETHING WE DON'T HAVE THE TECHNOLOGY TO MAKE.



KOREAN FINANCIAL MARKETS 4



Posco's steelworks: the company found taking advantage of the swap market reduced funding costs

Korean companies are limited when it comes to securing cash overseas

Raising global profiles

MANY of Korea's largest companies are competing for business on a global basis, but their ability to raise funds in overseas markets is restricted.

Since domestic interest rates can be as much as 10 percentage points higher than rates in international markets, this puts them at a competitive disadvantage.

It is no surprise, therefore, to find that Korean companies have taken full advantage of the gradual liberalisation of these restrictions and have worked hard to raise their profiles with foreign investors.

"In our case, our capital expenses are so big that we have to secure funding from

overseas," said Jang Yul Koo, general manager, international finance department at Samsung Electronics. "The domestic market is not sufficient to meet our requirements."

However, the Korean government continues to exercise strict control over bond issuance and occasionally delays or reduces the size of issues.

"Many companies are interested in raising money overseas," said Chun Yul Kim, assistant minister at the Korean ministry of finance. Because of the large interest rate difference, if permitted "everyone will go abroad", says Mr Kim.

"Usually we allow companies to raise money overseas when they will use that money to import from overseas," he says.

The authorities are concerned that excessive overseas borrowing will affect the growth of money supply and cause the level of inflation to rise. For this reason, Korean companies are not permitted, for example, to refinance domestic debt in the international market.

However, the government has raised the limit on overseas borrowing from \$1.5bn to \$2bn for this year and the level is likely to be the same next year. Firms have to gain approval for each offering and approval is based on the purpose of the financing. Reasons other than capital expenditure, preferably on equipment from abroad, are frowned upon.

Korean companies would like to be able to be more opportunistic in the market," said one banker.

In spite of restrictions, companies are sometimes able to take advantage of opportunities in the swap market to reduce funding costs. Last year, Pohang Iron and Steel (Posco), needed to borrow yen in order to repay some yen syndicated loans. It proved cheaper to issue debt in dollars and swap into yen. Yon Woon Kim, senior managing director of Posco, estimates that the swap saved the company \$14m.

Korean companies have approached the international market gradually. "Korean companies used to be financed by syndicated loans in the 1970s and 1980s," said Edward Kim, general manager, international finance at Korea Development Securities, a wholly owned subsidiary to the Korean Development Bank.

"In the mid-1980s, they started issuing convertible bonds then as credit perception improved, they were able to issue straight debt," Mr Kim said. As well as offering lower interest rates, the international markets offer more scope for companies to issue longer term debt.

Korean borrowers are reaching an increasingly broad range of investors. Having

'Korean companies would like to be able to be more opportunistic in the market'

started by issuing in the Euro-bond market, some have now tapped both the US Yankee bond market and the Japanese Samurai bond market.

Some companies have moved into more esoteric markets. Samsung Electronics, for example, is one of the first borrowers ever to set up a programme in the Hungarian Forints Commercial paper market which it will use to finance its plant there.

In order to reach a broader audience of international investors, an increasing number of Korean borrowers are seeking ratings from the leading international credit rating agencies, Moody's and Standard & Poor's. Ratings are considered more necessary for companies that want to issue straight bonds than for those issuing equity-linked bonds.

Since the Republic of Korea was rated A+ by Standard & Poor's in 1988, a number of wholly or partly government-owned entities have achieved the same rating, including the Korean Development Bank (KDB), Korea Electric Power (Kepco) and Korea Telecom.

Moody's does not rate the Republic, but the government-guaranteed KDB and Export-Import Bank of Korea are rated A1 by Moody's.

David Levey, head of sovereign ratings at Moody's said that the much lower level of debt that Korea has achieved and its continued strong economic performance, in spite of some slowdown, had to be balanced against the uncertainty over potential reunification with North Korea.

So far, few industrial companies have gained ratings. Posco is rated A2 by Moody's and A+ by Standard & Poor's, while

Samsung Electronics is rated Baa2 by Moody's and A- by Standard & Poor's. However, more companies are likely to seek ratings in the future, although there is a tendency for companies to want ratings only if they will be in the single-A category.

Companies have also made efforts to explain their credits directly to investors. Samsung Electronics, for example, has hosted regular roadshows to coincide with new issues.

Posco, the world's third largest steel producer, was "well known in Asia but not in the west", according to Posco's Mr Kim. In its efforts to develop its investor base, the company holds one-to-one meetings with investors rather than road shows.

Traders in London say that demand for Korean companies' issues is strong, providing issues are correctly priced. Investors generally require a slight premium over similar European or US credits.

Samsung has been active in a wide range of markets and has issued commercial paper as well as long-term debt. So far this year, the company has tapped the US and D-mark CP markets. It is also considering setting up a sterling CP programme, if its sterling requirement proves sufficiently large.

Traders in London say that demand for Korean companies' issues is strong, providing they are correctly priced

The company has a colour television factory in Billingham.

"In the future we will need to diversify our exposure. Our overseas activities are increasing and we need to meet those needs," said Mr Koo, adding that dollars, D-marks and sterling were of particular interest.

Posco, too, has made a "strategic decision to diversify funding sources, and investor groups" so that it can continue to finance new projects worldwide, says Mr Kim.

Korean companies have also been active in issuing depositary receipts or global depositary receipts. "If we offer equity in the Korean market, it has to be at a discounted price. In the foreign markets we can issue at a premium," said Mr Koo of Samsung.

Tracy Corrigan

FOREIGN EXCHANGE

Committed to relaxing the rules of the game

THE introduction of new foreign-exchange regulations on October 1 will represent one of first steps taken by the new administration of President Kim Young-sam towards financial liberalisation.

The deregulation measures are seen as a clear indication that the government is committed to introducing a free-floating foreign exchange rate system in 1997 by preparing the establishment of a sophisticated foreign exchange market.

The recent easing of the strict rules on foreign exchange transactions is also closely connected to the opening up of capital markets to foreigners. The entry of foreign investors into the Korean stock market last year, for example, has increased the volume of foreign exchange trades as the inflow of capital from abroad grows.

Domestic companies and banks welcome the relaxation of the rules. Companies have complained of difficulty in hedging against foreign exchange losses because of close government supervision of foreign exchange deals.

Korean banks - seeking new sources of revenue in an increasingly competitive financial sector - see the prospect of growing earnings from hedging and speculation in the foreign exchange market.

The government has heavily policed the foreign exchange market because it feared that currency speculation would cause volatility in the exchange rate and disrupt the country's export-dependent economy.

Under the guidelines, companies will no longer be required to submit original supporting trade documents to banks for most forward foreign exchange transactions in order to prove they are hedging currency risks rather than speculating. Documentation will be exempt for all forward contracts between currencies other than the Korean won and he limited to deals of above \$3m involving the won

and other foreign currencies.

Companies will also be allowed to settle trade transactions of \$100,000 or less in won-denominated letter of credits instead of foreign currency.

The abolition of documentation for most forward foreign-exchange contracts, the most common form of currency hedging, removes an obstacle that hindered corporate access to the foreign-exchange market and hampered their defence against currency losses.

The central bank estimated that Korean companies suffered Won350bn in foreign-exchange losses last year. Losses

The foreign exchange market in Korea has grown sharply in the past few years

are expected to more than double this year primarily due to the Korean won's 20 per cent fall against the Japanese yen.

"These measures will not bring about drastic changes to the foreign exchange market in the short-term," says Kim Young-min of the Lucky-Goldstar Economic Research Institute.

One reason is that the government retains effective control over the won's value against other currencies. Although the government has widened the daily interbank foreign exchange rate trading ban to 1 per cent from 0.5 per cent, Mr Kim says: "We know from past experience that an expansion of the allowed range of fluctuation does not immediately cause a proportionate expansion of the actual range of daily fluctuations."

This is because the government dominates the foreign exchange market through the central bank.

Nonetheless, the foreign exchange market in Korea has grown sharply in the past few years, although it remains small compared to those exist-

ing in the advanced industrialised countries.

The average daily trading volume of foreign-exchange transactions has increased from \$200m in 1990 to \$1.2bn this year, with spot transactions accounting for \$550m and forward transactions for \$470m.

Analysts believe that the foreign exchange market will grow significantly once the government implements additional financial liberalisation measures.

Demand on the foreign exchange market will increase as the government raises the foreign ownership ceiling on domestic stocks and opens the bond market to foreigners by 1995 and the deregulation of overseas direct investments by Korean companies will bolster demand.

The government has also announced that the exchange rate trading ban will be widened, forward contract documentation requirements will be further relaxed and the ceiling on the won-denominated settlement of trade transactions will be raised within two years.

This should prepare the way for internationalisation of the Korean won and its widespread use in the settlement of visible and invisible trade deals after 1997.

Although the government has emphasised that the principle of real demand should guide the foreign exchange market, it is considered inevitable that speculation and the increased flow of capital into the country will exert a strong influence on the exchange rate. This will increase uncertainties and risks in the foreign exchange market, although it will give Korean companies greater autonomy in managing their foreign portfolios.

The government's willingness to accept greater fluctuations in the exchange rate will be a test of its determination to internationalise its capital markets and open up the economy to global influences.

Change Your Curve by Shaking Hands with Ssangyong

Based on its total reliability since its founding in 1939, Ssangyong has grown into a global enterprise with total annual sales of US\$ 14.3 billion in 1992. And Ssangyong's curve continues to soar impressively.

This is reflected in its outstanding results, including trade relations with over 120 nations, a domestic leader in international brokerage commissions, and the completion of over 7,000 deluxe hotel guest rooms around the world.

Typical of our successful partnerships are a capital and technical cooperation project with Mercedes-Benz of Germany, and a capital venture with Saudi Aramco of Saudi Arabia. And our list of satisfied partners continues to grow each day.

Because, as everyone now knows, once a Ssangyong partner, always a Ssangyong partner. Shake hands with us, and watch your curve, too, begin to soar.

SSANGYONG

International Trade, Engineering & Construction, Automobiles, Cement, Oil Refining, Investment & Securities, Heavy Industries & Machinery, Paper, Insurance, Computers
• C.P.O. Box 409, Seoul, Korea • Phone: (822) 270-8155-4, 270-8130 • Fax: (822) 273-0981, 273-8237, 274-2696 • Telex: TWINDRA 124270, K29215, K29442

By M

in W:

THE
inflation
despite
costs.
The
which
increases
per cent
costs
raised
October
The
inflation
again
better.

The
summer
except
price
The
p
finishes
cent is
Boat
many
the
would
summer
Takes
ures
tion is
William

C
re

By Ben

CANAL
governor
ground
federal
are sug
could n
(230.800
ing Mar
to the
dicted is
ous Com
Estimates
cit are e
upwards
ected C
Analysis
sions of
be follow
from sev
inches th
meet bud

TO: H

NOTIC

outstan

Compa

between

In orde

"bearer

the cert

below a

Debetu

Eurocle

the Tru

transmi

Debetu

Upon re

acceptat

forward

may be,

Corpora

shares c

conversi

bearer D

the instr

shares of

Further c

below.

DATED

Montreal

10 Burrs

'ancouve

304) 661

roclear

Rue D'

000 Br

gium

(2) 224-

**By Terry Byland,
UK Stock Market Editor**

announcement that the US consumer price index had contracted, analysts by gaining 0.4 per cent in October was a low as first. Although nervous ahead of the outcome of the day's auction of 10 year US Federal bonds increased, London was heartened by relatively bullish comments from Washington, where Mr Robert Reich, the US Labour Secretary, said that inflation was "not starting to accelerate."

But in its currently nervous state, the UK equity market was taking no risks and early

SPY	2,187	20	+0.9%
SP500	2,187	20	+0.9%
FTSE	2,187	20	+0.9%
FTSE 100	2,187	20	+0.9%
FTSE 250	2,187	20	+0.9%
FTSE 350	2,187	20	+0.9%
FTSE 400	2,187	20	+0.9%
FTSE 500	2,187	20	+0.9%
FTSE 600	2,187	20	+0.9%
FTSE 700	2,187	20	+0.9%
FTSE 800	2,187	20	+0.9%
FTSE 900	2,187	20	+0.9%
FTSE 1000	2,187	20	+0.9%
FTSE 1100	2,187	20	+0.9%
FTSE 1200	2,187	20	+0.9%
FTSE 1300	2,187	20	+0.9%
FTSE 1400	2,187	20	+0.9%
FTSE 1500	2,187	20	+0.9%
FTSE 1600	2,187	20	+0.9%
FTSE 1700	2,187	20	+0.9%
FTSE 1800	2,187	20	+0.9%
FTSE 1900	2,187	20	+0.9%
FTSE 2000	2,187	20	+0.9%
FTSE 2100	2,187	20	+0.9%
FTSE 2200	2,187	20	+0.9%
FTSE 2300	2,187	20	+0.9%
FTSE 2400	2,187	20	+0.9%
FTSE 2500	2,187	20	+0.9%
FTSE 2600	2,187	20	+0.9%
FTSE 2700	2,187	20	+0.9%
FTSE 2800	2,187	20	+0.9%
FTSE 2900	2,187	20	+0.9%
FTSE 3000	2,187	20	+0.9%
FTSE 3100	2,187	20	+0.9%
FTSE 3200	2,187	20	+0.9%
FTSE 3300	2,187	20	+0.9%
FTSE 3400	2,187	20	+0.9%
FTSE 3500	2,187	20	+0.9%
FTSE 3600	2,187	20	+0.9%
FTSE 3700	2,187	20	+0.9%
FTSE 3800	2,187	20	+0.9%
FTSE 3900	2,187	20	+0.9%
FTSE 4000	2,187	20	+0.9%
FTSE 4100	2,187	20	+0.9%
FTSE 4200	2,187	20	+0.9%
FTSE 4300	2,187	20	+0.9%
FTSE 4400	2,187	20	+0.9%
FTSE 4500	2,187	20	+0.9%
FTSE 4600	2,187	20	+0.9%
FTSE 4700	2,187	20	+0.9%
FTSE 4800	2,187	20	+0.9%
FTSE 4900	2,187	20	+0.9%
FTSE 5000	2,187	20	+0.9%
FTSE 5100	2,187	20	+0.9%
FTSE 5200	2,187	20	+0.9%
FTSE 5300	2,187	20	+0.9%
FTSE 5400	2,187	20	+0.9%
FTSE 5500	2,187	20	+0.9%
FTSE 5600	2,187	20	+0.9%
FTSE 5700	2,187	20	+0.9%
FTSE 5800	2,187	20	+0.9%
FTSE 5900	2,187	20	+0.9%
FTSE 6000	2,187	20	+0.9%
FTSE 6100	2,187	20	+0.9%
FTSE 6200	2,187	20	+0.9%
FTSE 6300	2,187	20	+0.9%
FTSE 6400	2,187	20	+0.9%
FTSE 6500	2,187	20	+0.9%
FTSE 6600	2,187	20	+0.9%
FTSE 6700	2,187	20	+0.9%
FTSE 6800	2,187	20	+0.9%
FTSE 6900	2,187	20	+0.9%
FTSE 7000	2,187	20	+0.9%
FTSE 7100	2,187	20	+0.9%
FTSE 7200	2,187	20	+0.9%
FTSE 7300	2,187	20	+0.9%
FTSE 7400	2,187	20	+0.9%
FTSE 7500	2,187	20	+0.9%
FTSE 7600	2,187	20	+0.9%
FTSE 7700	2,187	20	+0.9%
FTSE 7800	2,187	20	+0.9%
FTSE 7900	2,187	20	+0.9%
FTSE 8000	2,187	20	+0.9%
FTSE 8100	2,187	20	+0.9%
FTSE 8200	2,187	20	+0.9%
FTSE 8300	2,187		

[illegible]

11	1971	1,700	180
10	1972	1,700	180
9	1973	1,700	180
8	1974	1,700	180
7	1975	1,700	180
6	1976	1,700	180
5	1977	1,700	180
4	1978	1,700	180
3	1979	1,700	180
2	1980	1,700	180
1	1981	1,700	180
0	1982	1,700	180
-1	1983	1,700	180
-2	1984	1,700	180
-3	1985	1,700	180
-4	1986	1,700	180
-5	1987	1,700	180
-6	1988	1,700	180
-7	1989	1,700	180
-8	1990	1,700	180
-9	1991	1,700	180
-10	1992	1,700	180
-11	1993	1,700	180
-12	1994	1,700	180
-13	1995	1,700	180
-14	1996	1,700	180
-15	1997	1,700	180
-16	1998	1,700	180
-17	1999	1,700	180
-18	2000	1,700	180
-19	2001	1,700	180
-20	2002	1,700	180
-21	2003	1,700	180
-22	2004	1,700	180
-23	2005	1,700	180
-24	2006	1,700	180
-25	2007	1,700	180
-26	2008	1,700	180
-27	2009	1,700	180
-28	2010	1,700	180
-29	2011	1,700	180
-30	2012	1,700	180
-31	2013	1,700	180
-32	2014	1,700	180
-33	2015	1,700	180
-34	2016	1,700	180
-35	2017	1,700	180
-36	2018	1,700	180
-37	2019	1,700	180
-38	2020	1,700	180
-39	2021	1,700	180
-40	2022	1,700	180
-41	2023	1,700	180
-42	2024	1,700	180
-43	2025	1,700	180
-44	2026	1,700	180
-45	2027	1,700	180
-46	2028	1,700	180
-47	2029	1,700	180
-48	2030	1,700	180
-49	2031	1,700	180
-50	2032	1,700	180
-51	2033	1,700	180
-52	2034	1,700	180
-53	2035	1,700	180
-54	2036	1,700	180
-55	2037	1,700	180
-56	2038	1,700	180
-57	2039	1,700	180
-58	2040	1,700	180
-59	2041	1,700	180
-60	2042	1,700	180
-61	2043	1,700	180
-62	2044	1,700	180
-63	2045	1,700	180
-64	2046	1,700	180
-65	2047	1,700	180
-66	2048	1,700	180
-67	2049	1,700	180
-68	2050	1,700	180
-69	2051	1,700	180
-70	2052	1,700	180
-71	2053	1,700	180
-72	2054	1,700	180
-73	2055	1,700	180
-74	2056	1,700	180
-75	2057	1,700	180
-76	2058	1,700	180
-77	2059	1,700	180
-78	2060	1,700	180
-79	2061	1,700	180
-80			

Falling share prices in the second half of the session provided the main impetus for a raft of unsubstantiated rumours, which were chiefly focused around overseas reports of military clashes on the Kuwait-Iraq border. The stock market closed in a calm note although some traders claimed to have experienced a weak opening this morning.

Transatlantic concerns showed themselves in a weak pharmaceutical sector and oil prices, which were a hindrance to the gas and oil exchange. But the broad range of UK store and consumer stocks, still buoyed by optimism for a faster rate cut at Budget time, performed well even where share prices ended below the close of the previous session. The day's action came in Euro Disney shares, which traded throughout the session in London but fell heavily in the wake of the annual trading statement.

CAPITAL GROUPS(21)	1057.30	+0.2	1056.29	1060.21	1066.51	780.33	3.85	3.95	33.13	20.30	1259.50
Baird/McIntire(20)	120.35	+0.4	1199.58	1189.82	1164.91	791.73	3.81	2.88	50.76	22.06	1430.26
Construction Construction(2)	1023.79	+0.1	1023.73	1014.21	1028.65	635.56	3.10	1.22	80.00	24.02	1430.35
Investment(19)	269.65	-1.2	269.58	264.38	268.98	269.47	4.48	0.56	33.33	16.58	1187.23
Electronic(20)	2961.11	+0.1	2961.04	2962.17	2962.18	2778.15	2.86	2.81	21.04	66.47	1754.65
Engineering-General(17)	460.07	+0.8	464.51	459.23	459.25	383.08	3.08	1		12.12	1641.83
Engineering-General(17)	430.47	+0.3	429.29	428.65	428.78	427.60	3.46	5.41	22.53	15.38	1707.15
Metals & Metals Forming(8)	475.10	+0.7	473.83	470.93	468.85	271.57	2.88	4		7.94	1005.65
Other(19)	450.47	+0.4	450.47	450.47	450.47	450.47	3.85	3.85	34.61	19.47	1754.65
Other Industrials(14)	397.19	+0.1	395.57	397.43	398.27	198.03	3.82	3.00	15.49	71.35	1073.58
CONSOLIDATED GROUP(20)	1690.01	-0.3	1695.47	1660.80	1680.41	1652.56	3.58	6.79	17.82	40.87	971.89
Eversource and Distributions(2)	1733.38	-0.3	1766.14	1801.21	1804.12	1706.05	1.16	0.59	14.13	45.54	880.80
Food Manufacturers(24)	1328.58	+0.3	1329.12	1329.53	1322.56	1279.43	3.87	7.20	16.43	34.88	1071.17
Food Processing(17)	2303.63	-0.1	2327.36	2326.57	2344.54	2389.32	3.13	11.29	11.80	40.00	725.15
Health & Biotech(12)	2544.43	-1.2	2544.43	2544.43	2544.43	2544.43	3.85	3.85	18.18	18.18	1618.18
Hotels and Lodging(22)	1319.68	-0.2	1319.65	1320.51	1405.44	1118.19	4.24	5.92	21.34	53.05	1107.18
Media(14)	2387.49	+0.1	2392.53	2393.37	2393.31	1641.77	2.36	5.84	26.36	32.00	1238.85
Packaging and Printing(24)	3838.37	+0.4	3872.83	3747.21	3875.45	754.82	3.62	5.34	23.62	22.90	1144.07
Pharmaceuticals(19)	1262.58	+0.2	1262.58	1262.58	1262.58	1262.58	3.85	3.85	34.61	19.47	1754.65
Retail(20)	857.95	+0.1	857.82	860.88	869.21	703.54	3.63	3.45	23.33	22.01	171.17
OTHER GROUPS(427)	1668.80	+0.2	1662.03	1813.42	1653.43	1439.37	3.78	6.81	17.70	44.11	1197.48
Business Services(27)	1262.08	+0.2	1618.15	1816.16	1680.68	1260.56	2.83	7.23	15.48	32.77	1089.82
Chemicals(24)	1523.31	+0.7	1534.27	1537.72	1548.12	1335.68	4.28	0.39	3	47.67	105.05
Construction(11)	1610.88	+0.6	1607.88	1599.73	1598.17	1331.22	4.25	6.48	17.40	46.87	1204.45
Consumer Goods(11)	2232.50	+0.7	2232.50	2232.50	2232.50	2232.50	3.85	3.85	34.61	19.47	1754.65
Electronics(17)	2107.80	+0.7	2123.65	2135.89	2123.45	1467.21	3.79	10.78	11.55	36.37	1972.22
Telephone Networks(4)	2049.49	+0.9	2131.05	2116.66	2028.70	1562.00	3.39	6.09	23.11	34.68	1222.10
Water(13)	3590.80	+1.5	3506.72	3573.31	3620.32	3033.97	4.97	12.05	9.17	109.71	714.25
Miscellaneous(35)	3536.25	+1.4	3500.81	3448.43	3431.34	2333.99	3.51	2.75	18.51	83.88	1064.10
RESTRUCTURING AND REORGANIZATION(1)	1057.30	---	1057.30	1057.30	1057.30	1341.21	3.79	6.21	19.84	39.74	1095.78
Oil & Gas(1)	1057.30	---	1057.30	1057.30	1057.30	1057.30	3.79	6.21	19.84	39.74	1095.78
"SP" STATE BOND(516)	1628.04	+0.1	1636.12	1630.72	1633.31	1415.49	3.79	6.15	18.90	43.24	1058.65
FINANCIAL GROUP(11)	1182.05	+0.9	1166.46	1179.32	1166.56	647.81	3.81	3.22	45.65	35.65	1414.10
Bank(8)	1698.03	+0.5	1694.83	1636.44	1647.29	1190.03	3.22	3.76	36.82	45.27	1451.33
Insurance (Auto)(6)	2562.90	+0.3	2567.20	2688.39	2079.49	1673.37	4.48	4.65	27.05	73.50	1218.80
Insurance Companies(7)	713.19	+1.8	706.85	701.29	704.10	594.58	4.73	3		28.54	1186.26
Insurance Broker(12)	865.47	+0.8	862.38	863.69	862.16	740.80	4.53	4.83	30.23	28.42	1158.54
Insurance Broker(12)	865.47	+1.4	865.47	865.47	865.47	865.47	4.58	7.11	17.25	13.50	1860.55
Property(12)	1072.18	+0.2	1075.25	1073.23	1073.23	737.46	3.79	3.76	44.46	35.46	1058.65
Other Financial(2)	745.00	+0.8	741.19	450.61	432.25	263.00	3.59	5.26	25.12	10.95	1519.50
Investment Trust(11)	417.03	-0.3	419.59	176.60	176.60	1254.83	2.40	1.92	52.12	30.05	1313.11
FT-AOL-SHARE(17)	1529.31	+0.1	1528.48	1522.14	1522.18	1278.13	3.72	5.54	22.41	40.40	1162.65

[illegible]

NEW HIGHS AND LOWS FOR 1993

Hambro, the merchant bank, suffered the same fate as S.G. Warburg, the sector's leading stock, as the bank's shares tumbled in the face of a steep rise in profits and a good increase in the interim dividend. "The figures were below the very best expectations and that is why the shares are down," said one analyst.

Market forecasts for

	Nov 10	Nov 8	Nov 6
Ord. sh. price	2342.7	2336.3	2325.5
Ord. sh. yield	3.96	3.96	3.89
Earning yld % tot	4.82	4.83	4.68
Div. yield %	27.12	27.09	26.81

Northern Foods were said to have suffered a downgrade at the hands of Hoare Govett. The shares came off 6 to 222p. Elsewhere, Unilever gained 3 to 130p ahead of results tomorrow.

Food retailers were again

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

Christopher Price,
Peter John,
Steve Thompson.

Other statistics, Page 16

BRITISH FUNDS				BRITISH FUNDS - Cont.				BRITISH FUNDS - Cont.			
	Price	±	Yield		Price	±	Yield		Price	±	Yield
		High	Low	Net Inc.		High	Low	Net Inc.		High	Low
British Overseas Inv. 1981	102.0			102.0	122			122	122		
British Overseas Inv. 1982	102.0			102.0	122			122	122		
British Overseas Inv. 1983	102.0			102.0	122			122	122		
British Overseas Inv. 1984	102.0			102.0	122			122	122		
British Overseas Inv. 1985	102.0			102.0	122			122	122		
British Overseas Inv. 1986	102.0			102.0	122			122	122		
British Overseas Inv. 1987	102.0			102.0	122			122	122		
British Overseas Inv. 1988	102.0			102.0	122			122	122		
British Overseas Inv. 1989	102.0			102.0	122			122	122		
British Overseas Inv. 1990	102.0			102.0	122			122	122		
British Overseas Inv. 1991	102.0			102.0	122			122	122		
British Overseas Inv. 1992	102.0			102.0	122			122	122		
British Overseas Inv. 1993	102.0			102.0	122			122	122		
British Overseas Inv. 1994	102.0			102.0	122			122	122		
British Overseas Inv. 1995	102.0			102.0	122			122	122		
British Overseas Inv. 1996	102.0			102.0	122			122	122		
British Overseas Inv. 1997	102.0			102.0	122			122	122		
British Overseas Inv. 1998	102.0			102.0	122			122	122		
British Overseas Inv. 1999	102.0			102.0	122			122	122		
British Overseas Inv. 2000	102.0			102.0	122			122	122		
British Overseas Inv. 2001	102.0			102.0	122			122	122		
British Overseas Inv. 2002	102.0			102.0	122			122	122		
British Overseas Inv. 2003	102.0			102.0	122			122	122		
British Overseas Inv. 2004	102.0			102.0	122			122	122		
British Overseas Inv. 2005	102.0			102.0	122			122	122		
British Overseas Inv. 2006	102.0			102.0	122			122	122		
British Overseas Inv. 2007	102.0			102.0	122			122	122		
British Overseas Inv. 2008	102.0			102.0	122			122	122		
British Overseas Inv. 2009	102.0			102.0	122			122	122		
British Overseas Inv. 2010	102.0			102.0	122			122	122		
British Overseas Inv. 2011	102.0			102.0	122			122	122		
British Overseas Inv. 2012	102.0			102.0	122			122	122		
British Overseas Inv. 2013	102.0			102.0	122			122	122		
British Overseas Inv. 2014	102.0			102.0	122			122	122		
British Overseas Inv. 2015	102.0			102.0	122			122	122		
British Overseas Inv. 2016	102.0			102.0	122			122	122		
British Overseas Inv. 2017	102.0			102.0	122			122	122		
British Overseas Inv. 2018	102.0			102.0	122			122			

No.8,303 Set by DINMUTZ

No.8,303 Set by DINMUTZ

[illegible]

Solution 8.302

STOCK index futures broke That issue began the
significant barrier very weakly and hit pa

That issue began the day very weakly and hit parity with the cash market at one stage, touching 3,081 at its lowest ebb. This compares with an estimated fair value premium of about 10 points.

In the afternoon it raced through 3,108, a level challenged earlier in the week. Once above that it moved ahead to 3,130, but the buying

Traders said that in spite of heavy selling last week as US money was repatriated on expectations of rising inflation here, open interest remained high at around 50,000 contracts in December.

It was suggested that UK arbitrageurs bought lots sold by US investment funds.

In traded options, volume was up to just under 40,000 contracts with British Steel topping the list of equity options. Steel's turnover of 181 lots was however the result of one deal to buy 3,000 out-of-the-money, January 140 calls at 3p each. Dealers said that, at expiry, the shares must be above 143p for the trade to be profitable.

NOTTER PAD

**Business Executives
in Japan read
"Nikkei"
every day
Advertise now!
Tel: 071-379-4994**

LONDON SHARE SERVICE**INVESTMENT TRUSTS - Con**[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+/-	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	5
-------	-------	-----	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	---

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AIS Unit Trust Managers Limited (1000)F
51 Robinson Rd, Singapore, 068918Z 0025 2297703

[illegible]

INITIAL CHARGE: Charge made on sale of
newly listed or reduced merchandise and
HISTORIC PRICING: The letter H denotes

CANCELLATION PRICE: The minimum restoration price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most stock-trading companies make a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid prices might be lowered to the cancellation price by the managers at any time, legally.

FORWARDED PRICING: The letter F denotes that the managers do all the prices to be set on the stock market. They can then set the definite price in advance of the cancellation price being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and

TIME: The time shown alongside the fund manager's name in the third of the table (the valuation point) under time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (P) - 0301 to 1100 hours; (M) - 1101 to 1400 hours; (A) -

1401 to 1700 hours; 141 - 1701 to 1800 hours.
Daily clothing prices are set on the basis of the
mission point; a short period of time may
elapse before prices become available.

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4376 for more details.

FT MANAGED FUNDS SERVICE

Morgan Grenfell Investment Funds Ltd.			
Equity Fund	100.00	100.00	100.00
Income Fund	100.00	100.00	100.00
Property Fund	100.00	100.00	100.00
Global Fund	100.00	100.00	100.00
World Fund	100.00	100.00	100.00
Asia Fund	100.00	100.00	100.00
Latin America Fund	100.00	100.00	100.00
Europe Fund	100.00	100.00	100.00
USA Fund	100.00	100.00	100.00
Japan Fund	100.00	100.00	100.00
UK Fund	100.00	100.00	100.00
FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4376 for more details.			
Barclays Life Assur. Co Ltd			
Equity Fund	100.00	100.00	100.00
Income Fund	100.00	100.00	100.00
Property Fund	100.00	100.00	100.00
Global Fund	100.00	100.00	100.00
World Fund	100.00	100.00	100.00
Asia Fund	100.00	100.00	100.00
Latin America Fund	100.00	100.00	100.00
Europe Fund	100.00	100.00	100.00
USA Fund	100.00	100.00	100.00
Japan Fund	100.00	100.00	100.00
UK Fund	100.00	100.00	100.00
Friends Provident - Contd.			
Equity Fund	100.00	100.00	100.00
Income Fund	100.00	100.00	100.00
Property Fund	100.00	100.00	100.00
Global Fund	100.00	100.00	100.00
World Fund	100.00	100.00	100.00
Asia Fund	100.00	100.00	100.00
Latin America Fund	100.00	100.00	100.00
Europe Fund	100.00	100.00	100.00
USA Fund	100.00	100.00	100.00
Japan Fund	100.00	100.00	100.00
UK Fund	100.00	100.00	100.00
Irish Life Assurance Co Plc - Contd.			
Equity Fund	100.00	100.00	100.00
Income Fund	100.00	100.00	100.00
Property Fund	100.00	100.00	100.00
Global Fund	100.00	100.00	100.00
World Fund	100.00	100.00	100.00
Asia Fund	100.00	100.00	100.00
Latin America Fund	100.00	100.00	100.00
Europe Fund	100.00	100.00	100.00
USA Fund	100.00	100.00	100.00
Japan Fund	100.00	100.00	100.00
UK Fund	100.00	100.00	100.00
Norwich Union Assurance - Contd.			
Equity Fund	100.00	100.00	100.00
Income Fund	100.00	100.00	100.00
Property Fund	100.00	100.00	100.00
Global Fund	100.00	100.00	100.00
World Fund	100.00	100.00	100.00
Asia Fund	100.00	100.00	100.00
Latin America Fund	100.00	100.00	100.00
Europe Fund	100.00	100.00	100.00
USA Fund	100.00	100.00	100.00
Japan Fund	100.00	100.00	100.00
UK Fund	100.00	100.00	100.00
Other UK Unit Trusts			
Equity Fund	100.00	100.00	100.00
Income Fund	100.00	100.00	100.00
Property Fund	100.00	100.00	100.00
Global Fund	100.00	100.00	100.00
World Fund	100.00	100.00	100.00
Asia Fund	100.00	100.00	100.00
Latin America Fund	100.00	100.00	100.00
Europe Fund	100.00	100.00	100.00
USA Fund	100.00	100.00	100.00
Japan Fund	100.00	100.00	100.00
UK Fund	100.00	100.00	100.00

INSURANCES

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

32

Foreign
nents
ge 4

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE

Dollar features in subdued day

Activity in the foreign exchange market was relatively subdued as traders squared positions ahead of today's holidays in many important markets, writes **Conner Middleton**.

However, the US dollar had another volatile day and weakened significantly against the Japanese yen and the D-Mark in late London trading. It closed at DM1.8920, down from DM1.8950 the previous day, and fell as low as DM1.8870 in London after-hours trading. Against the Japanese unit, it ended at ¥107.20, down from ¥108.25 at Tuesday's close.

Throughout the morning, most currencies languished in narrow ranges as traders awaited the release of the October US consumer price index. Following the publication of much lower-than-expected producer prices on Tuesday, traders were looking to the latest CPI data for a clarification of the inflation outlook in the US.

In the event, the 0.4 per cent month-on-month rise in the overall inflation rate was broadly in line with market forecasts, although some who had hoped for a lower number after Tuesday's weak PPI data were disappointed.

"The CPI numbers indicate

we don't have to revise our inflation picture, despite Tuesday's PPI," said Mr. Rainer Marian, senior market analyst at Landesbank Hessen-Thüringen in Frankfurt.

He expects the dollar to continue trading in a DM1.88-DM1.91 range near-term and the dollar-D-Mark rate to continue tracking the yield spread between German 10-year bonds, or bunds, and 10-year US Treasury notes. The benchmark bund currently yields 5.88 per cent, some 12 basis points over its US counterpart, and as that gap narrows, the dollar is likely to appreciate further against the D-Mark.

However, he warns that the next leg of the rally could be preceded by a correction back to around DM1.87.

The D-Mark gained some support yesterday after comments by Mr. Alexandre Lamfalussy, the future president of the European Monetary Insti-

tute. He said the date of 1997 for creation of a single EC currency was "improbable", which was seen as an indication that the D-Mark would remain the strongest currency in Europe.

Sterling made up most of the losses it posted on Tuesday and posted solid gains on largely technical trading. Against the D-Mark it ended at DM2.4975, up from DM2.4900 on Tuesday, and against the dollar it closed at \$1.4760, up from \$1.4685.

The Belgian franc weakened further as market participants focused on the spectre of widespread strikes over controversial plans for a social pact. The currency weakened to Bfr21.49 against the D-Mark, compared with Bfr21.35 at Tuesday's close. Belgium and France will be closed today for a national holiday.

After stabilising during early London trading, the Canadian dollar later came under further selling pressure.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Rate	% Change	% Spread	Discrepancy
Dutch Guilder	1.0000	1.4625	-0.16	0.01	-
French Franc	100.00	16.6667	-0.16	0.01	-
Italian Lira	1,000.00	1,936.27	-0.16	0.01	-
Spanish Peseta	166.667	166.667	-0.16	0.01	-
Portuguese Escudo	200.00	200.00	-0.16	0.01	-
Irish Punt	0.787564	0.787564	-0.16	0.01	-
German Mark	1.0000	1.0000	-0.16	0.01	-
British Pound	1.0000	1.0000	-0.16	0.01	-
Swedish Krona	1.0000	1.0000	-0.16	0.01	-
Japanese Yen	100.00	100.00	-0.16	0.01	-

Estimated volume 1,450,000 (1993) (1992) (1991) (1990) (1989) (1988) (1987) (1986) (1985) (1984) (1983) (1982) (1981) (1980) (1979) (1978) (1977) (1976) (1975) (1974) (1973) (1972) (1971) (1970) (1969) (1968) (1967) (1966) (1965) (1964) (1963) (1962) (1961) (1960) (1959) (1958) (1957) (1956) (1955) (1954) (1953) (1952) (1951) (1950) (1949) (1948) (1947) (1946) (1945) (1944) (1943) (1942) (1941) (1940) (1939) (1938) (1937) (1936) (1935) (1934) (1933) (1932) (1931) (1930) (1929) (1928) (1927) (1926) (1925) (1924) (1923) (1922) (1921) (1920) (1919) (1918) (1917) (1916) (1915) (1914) (1913) (1912) (1911) (1910) (1909) (1908) (1907) (1906) (1905) (1904) (1903) (1902) (1901) (1900) (1899) (1898) (1897) (1896) (1895) (1894) (1893) (1892) (1891) (1890) (1889) (1888) (1887) (1886) (1885) (1884) (1883) (1882) (1881) (1880) (1879) (1878) (1877) (1876) (1875) (1874) (1873) (1872) (1871) (1870) (1869) (1868) (1867) (1866) (1865) (1864) (1863) (1862) (1861) (1860) (1859) (1858) (1857) (1856) (1855) (1854) (1853) (1852) (1851) (1850) (1849) (1848) (1847) (1846) (1845) (1844) (1843) (1842) (1841) (1840) (1839) (1838) (1837) (1836) (1835) (1834) (1833) (1832) (1831) (1830) (1829) (1828) (1827) (1826) (1825) (1824) (1823) (1822) (1821) (1820) (1819) (1818) (1817) (1816) (1815) (1814) (1813) (1812) (1811) (1810) (1809) (1808) (1807) (1806) (1805) (1804) (1803) (1802) (1801) (1800) (1799) (1798) (1797) (1796) (1795) (1794) (1793) (1792) (1791) (1790) (1789) (1788) (1787) (1786) (1785) (1784) (1783) (1782) (1781) (1780) (1779) (1778) (1777) (1776) (1775) (1774) (1773) (1772) (1771) (1770) (1769) (1768) (1767) (1766) (1765) (1764) (1763) (1762) (1761) (1760) (1759) (1758) (1757) (1756) (1755) (1754) (1753) (1752) (1751) (1750) (1749) (1748) (1747) (1746) (1745) (1744) (1743) (1742) (1741) (1740) (1739) (1738) (1737) (1736) (1735) (1734) (1733) (1732) (1731) (1730) (1729) (1728) (1727) (1726) (1725) (1724) (1723) (1722) (1721) (1720) (1719) (1718) (1717) (1716) (1715) (1714) (1713) (1712) (1711) (1710) (1709) (1708) (1707) (1706) (1705) (1704) (1703) (1702) (1701) (1700) (1699) (1698) (1697) (1696) (1695) (1694) (1693) (1692) (1691) (1690) (1689) (1688) (1687) (1686) (1685) (1684) (1683) (1682) (1681) (1680) (1679) (1678) (1677) (1676) (1675) (1674) (1673) (1672) (1671) (1670) (1669) (1668) (1667) (1666) (1665) (1664) (1663) (1662) (1661) (1660) (1659) (1658) (1657) (1656) (1655) (1654) (1653) (1652) (1651) (1650) (1649) (1648) (1647) (1646) (1645) (1644) (1643) (1642) (1641) (1640) (1639) (1638) (1637) (1636) (1635) (1634) (1633) (1632) (1631) (1630) (1629) (1628) (1627) (1626) (1625) (1624) (1623) (1622) (1621) (1620) (1619) (1618) (1617) (1616) (1615) (1614) (1613) (1612) (1611) (1610) (1609) (1608) (1607) (1606) (1605) (1604) (1603) (1602) (1601) (1600) (1599) (1598) (1597) (1596) (1595) (1594) (1593) (1592) (1591) (1590) (1589) (1588) (1587) (1586) (1585) (1584) (1583) (1582) (1581) (1580) (1579) (1578) (1577) (1576) (1575) (1574) (1573) (1572) (1571) (1570) (1569) (1568) (1567) (1566) (1565) (1564) (1563) (1562) (1561) (1560) (1559) (1558) (1557) (1556) (1555) (1554) (1553) (1552) (1551) (1550) (1549) (1548) (1547) (1546) (1545) (1544) (1543) (1542) (1541) (1540) (1539) (1538) (1537) (1536) (1535) (1534) (1533) (1532) (1531) (1530) (1529) (1528) (1527) (1526) (1525) (1524) (1523) (1522) (1521) (1520) (1519) (1518) (1517) (1516) (1515) (1514) (1513) (1512) (1511) (1510) (1509) (1508) (1507) (1506) (1505) (1504) (1503) (1502) (1501) (1500) (1499) (1498) (1497) (1496) (1495) (1494) (1493) (1492) (1491) (1490) (1489) (1488) (1487) (1486) (1485) (1484) (1483) (1482) (1481) (1480) (1479) (1478) (1477) (1476) (1475) (1474) (1473) (1472) (1471) (1470) (1469) (1468) (1467) (1466) (1465) (1464) (1463) (1462) (1461) (1460) (1459) (1458) (1457) (1456) (1455) (1454) (1453) (1452) (1451) (1450) (1449) (1448) (1447) (1446) (1445) (1444) (1443) (1442) (1441) (1440) (1439) (1438) (1437) (1436) (1435) (1434) (1433) (1432) (1431) (1430) (1429) (1428) (1427) (1426) (1425) (1424) (1423) (1422) (1421) (1420) (1419) (1418) (1417) (1416) (1415) (1414) (1413) (1412) (1411) (1410) (1409) (1408) (1407) (1406) (1405) (1404) (1403) (1402) (1401) (1400) (1399) (1398) (1397) (1396) (1395) (1394) (1393) (1392) (1391) (1390) (1389) (1388) (1387) (1386) (1385) (1384) (1383) (1382) (1381) (1380) (1379) (1378) (1377) (1376) (1375) (1374) (1373) (1372) (1371) (1370) (1369) (1368) (1367) (1366) (1365) (1364) (1363) (1362) (1361) (1360) (1359) (1358) (1357) (1356) (1355) (1354) (1353) (1352) (1351) (1350) (1349) (1348) (1347) (1346) (1345) (1344) (1343) (1342) (1341) (1340) (1339) (1338) (1337) (1336) (1335) (1334) (1333) (1332) (1331) (1330) (1329) (1328) (1327) (1326) (1325) (1324) (1323) (1322) (1321) (1320) (1319) (1318) (1317) (1316) (1315) (1314) (1313) (1312) (1311) (1310) (1309) (1308) (1307) (1306) (1305) (1304) (1303) (1302) (1301) (1300) (1299) (1298) (1297) (1296) (1295) (1294) (1293) (1292) (1291) (1290) (1289) (1288) (1287) (1286) (1285) (1284) (1283) (1282) (1281) (1280) (1279) (1278) (1277) (1276) (1275) (1274) (1273) (1272) (1271) (1270) (1269) (1268) (1267) (1266) (1265) (1264) (1263) (1262) (1261) (1260) (1259) (1258) (1257) (1256) (1255) (1254) (1253) (1252) (1251) (1250) (1249) (1248) (1247) (1246) (1245) (1244) (1243) (1242) (1241) (1240) (1239) (1238) (1237) (1236) (1235) (1234) (1233) (1232) (1231) (1230) (1229) (1228) (1227) (1226) (1225) (1224) (1223) (1222) (1221) (1220) (1219) (1218) (1217) (1216) (1215) (1214) (1213) (1212) (1211) (1210) (1209) (1208) (1207) (1206) (1205) (1204) (1203) (1202) (1201) (1200) (1199) (1198) (1197) (1196) (1195) (1194) (1193) (1192) (1191) (1190) (1189) (1188) (1187) (1186) (1185) (1184) (1183) (1182) (1181) (1180) (1179) (1178) (1177) (1176) (1175) (1174) (1173) (1172) (1171) (1170) (1169) (1168) (1167) (1166) (1165) (1164) (1163) (1162) (1161) (1160) (1159) (1158) (1157) (1156) (1155) (1154) (1153) (1152) (1151) (1150) (1149) (1148) (1147) (1146) (1145) (1144) (1143) (1142) (1141) (1140) (1139) (1138) (1137) (1136) (1135) (1134) (1133) (1132) (1131) (1130) (1129) (1128) (1127) (1126) (1125) (1124) (1123) (1122) (1121) (1120) (1119) (1118) (1117) (1116) (1115) (1114) (1113) (1112) (1111) (1110) (1109) (1108) (1107) (1106) (1105) (1104) (1103) (1102) (1101) (1100) (1099) (1098) (1097) (1096) (1095) (1094) (1093) (1092) (1091) (1090) (1089) (1088) (1087) (1086) (1085) (1084) (1083) (1082) (1081) (1080) (1079) (1078) (1077) (1076) (1075) (1074) (1073) (1072) (1071) (1070) (1069) (1068) (1067) (1066) (1065) (1064) (1063) (1062) (1061) (1060) (1059) (1058) (1057) (1056) (1055) (1054) (1053) (1052) (1051) (1050) (1049) (1048) (1047) (1046) (1045) (1044) (1043) (1042) (1041) (1040) (1039) (1038) (1037) (1036) (1035) (1034) (1033) (1032) (1031) (1030) (1029) (1028) (1027) (1026) (1025) (1024) (1023) (1022) (1021) (1020) (1019) (1018) (1017) (1016) (1015) (1014) (1013) (1012) (1011) (1010) (1009) (1008) (1007) (1006) (1005) (1004) (1003) (1002) (1001) (1000) (999) (998) (997) (996) (995) (994) (993) (992) (991) (990) (989) (988) (987) (986) (985) (984) (983) (982) (981) (980) (979) (978) (977) (976) (975) (974) (973) (972) (971) (970) (969) (968) (967) (966) (965) (964) (963) (962) (961) (960) (959) (958) (957) (956) (955) (954) (953) (952) (951) (950) (949) (948) (947) (946) (945) (944) (943) (942) (941) (940) (939) (938) (937) (936) (935) (934) (933) (932) (931) (930) (929) (928) (927) (926) (925) (924) (923) (922) (921) (920) (919) (918) (917) (916) (915) (914) (913) (912) (911) (910) (909) (908) (907) (906) (905) (904) (903) (902) (901) (900) (899) (898) (897) (896) (895) (894) (893) (892) (891) (890) (889) (888) (887) (886) (885) (884) (883) (882) (881) (880) (879) (878) (877) (876) (875) (874) (873) (872) (871) (870) (869) (868) (867) (866) (865) (864) (863) (862) (861) (860) (859) (858) (857) (856) (855) (854) (853) (852) (851) (850) (849) (848) (847) (846) (845) (844) (843) (842) (841) (840) (839) (838) (837) (836) (835) (834) (833) (832) (831) (830) (829) (828) (827) (826) (825) (824) (823) (822) (821) (820) (819) (818) (817) (816) (815) (814) (813) (812) (811) (810) (809) (808) (807) (806) (805) (804) (803) (802) (801) (800) (799) (798) (797) (796) (795) (794) (793) (792) (791) (790) (789) (788) (787) (786) (785) (784) (783) (782) (781) (780) (779) (778) (777) (776) (775) (774) (773) (772) (771) (770) (769) (768) (767) (766) (765) (764) (763) (762) (761) (760) (759) (758) (757) (756) (755) (754) (753) (752) (751) (750) (749) (748) (747) (746) (745) (744) (743) (742) (741) (740) (739) (738) (737) (736) (735) (734) (733) (732) (731) (730) (729) (728) (727) (726) (725) (724) (723) (722) (721) (720) (719) (718) (717) (716) (715) (714) (713) (712) (711) (710) (709) (708) (707) (706) (705) (704) (703) (702) (701) (700) (699) (698) (697) (696) (695) (694) (693) (692) (691) (690) (689) (688) (687) (686) (685) (684) (683) (682) (681) (680) (679) (678) (677) (676) (675) (674) (673) (672) (671) (670) (669) (668) (667) (666) (665) (664) (663) (662) (661) (660) (659) (658) (657) (656) (655) (654) (653) (652) (651) (650) (649) (648) (647) (646) (645) (644) (643) (642) (641) (640) (639) (638) (637) (636) (635) (634) (633) (632) (631) (630) (629) (628) (627) (626) (625) (624) (623) (622) (621) (620) (619) (618) (617) (616) (615) (614) (613) (612) (611) (610) (609) (608) (607) (606) (605) (604) (603) (602) (601) (600) (599) (598) (597) (596) (595) (594) (593) (592) (591) (590) (589) (588) (587) (586) (585) (584) (583) (582) (581) (580) (579) (578) (577) (576) (575) (574) (573) (572) (571) (570) (569) (568) (567) (566) (565) (564) (563) (562) (561) (560) (559) (558) (557) (556) (555) (554) (553) (552) (551) (550) (549) (548) (547) (546) (545) (544) (543) (542) (541) (540) (539) (538) (537) (536) (535) (534) (533) (532) (531) (530) (529) (528) (527) (526) (525) (524) (523) (522) (521) (520) (519) (518) (517) (516) (515) (514) (513) (512) (511) (510) (509) (508) (507) (506) (505) (504) (503) (502) (501) (500) (499) (498) (497) (496) (495) (494) (493) (492) (491) (490) (489) (488) (487) (486) (485) (484) (483) (482) (481) (480) (479) (478) (477) (476) (475) (474) (473) (472) (471) (470) (469) (468) (467) (466) (465) (464) (463) (462) (461) (460) (459) (458) (457) (456) (455) (454) (453) (452) (451) (450) (449) (448) (447) (446) (445) (444) (443) (442) (441) (440) (439) (438) (437) (436) (435) (434) (433) (432) (431) (430) (429) (428) (427) (426) (425) (424) (423) (422) (421) (420) (419) (418) (417) (416) (415) (414) (413) (412) (411) (410) (409) (408) (407) (406) (405) (404) (403) (402) (401) (400) (399) (398) (397) (396) (395) (394) (393) (392) (391) (390) (389) (388) (387) (386) (385) (384) (383) (382) (381) (380) (379) (378) (377) (376) (375) (374) (373) (372) (371) (370) (369) (368) (367) (366) (365) (364) (363) (362) (361) (360) (359) (358) (357) (356) (355) (354) (353) (352) (351) (350) (349) (348) (347) (346) (345) (344) (343) (342) (341) (340) (339) (338) (337) (336) (335) (334) (333) (332) (331) (330) (329) (328) (327) (326) (325) (324) (323) (322) (321) (320) (319) (318) (317) (316) (315) (314) (313) (312) (311) (310) (309) (308) (307) (306) (305) (304) (303) (302) (301) (300) (299) (298) (297) (296) (295) (294) (293) (292) (291) (290) (289) (288) (287) (286) (285) (284) (283) (282) (281) (280) (279) (278) (277) (276) (275) (274) (273) (272) (271) (270) (269) (268) (267) (266) (265) (264) (263) (262) (261) (260) (259) (258) (257) (256) (255) (254) (253) (252) (251) (250) (249) (248) (247) (246) (245) (244) (243) (242) (241) (240) (239) (238) (237) (236) (235) (234) (233) (232) (231) (230) (229) (228) (227) (226) (225) (224) (223) (222) (221) (220) (219) (218) (217) (216) (215) (214) (213) (212) (211) (210) (209) (208) (207) (206) (205) (204) (203) (202) (201) (200) (199) (198) (197) (196) (195) (194) (193) (192) (191) (190) (189) (188) (187) (186) (185) (184) (183) (182) (181) (180) (179) (178) (177) (176) (175) (174) (173) (172) (171) (170) (169) (168) (167) (166) (165) (164) (163) (162) (161) (160) (159) (158) (157) (156) (155) (154) (153) (152) (151) (150) (149) (148) (147) (146) (145) (144) (143) (142) (141) (140) (139) (138) (137) (136) (135) (134) (133) (132) (131) (130) (129) (128) (127) (126) (125)

WORLD STOCK MARKETS									
CANADA									
Sales	Stock	High	Low	Close	Change	Sales	Stock	High	Low
TORONTO									
4 p.m. close November 10									
Quotations in cents unless marked \$									
16182	Alcan	91 3/4	91 1/2	91 3/4	+1/4	15509	Bank	51 1/2	51 1/2
14379	Agfco	82 1/2	82 1/2	82 1/2	0	14005	Scotiabank	51 1/2	51 1/2
12020	Alcan	91 3/4	91 1/2	91 3/4	+1/4	120780	Scotiabank	51 1/2	51 1/2
3422	Alcan	91 3/4	91 1/2	91 3/4	+1/4	15900	Scotiabank	51 1/2	51 1/2
40772	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
10020	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
10181	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	4200	SNC	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	21110	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4	24043	Scotiabank	51 1/2	51 1/2
14379	Alcan	91 3/4	91 1/2	91 3/4	+1/4				


The Gilliam Hart, Financial Times (Europe) GmbH, Nibbelingsplatz 3, 60318 Frankfurt/Main, Germany. Tel. +4969 556850, Telex 418493, Fax. +4969 556483.

1000

1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539</
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	--------

TECHNOLOGY THAT WORKS FOR LIFE

Samsung Notebook PC



80486SX/25 MH:
Removable HDD
Inter Key Mouse

SAMSUNG
ELECTRONICS

Montre
10 Bu
ancou
504) 64

rocles
Rue I
000 B
gium
22) 22

101
ST

Age	High	Low	Lat	Long
138	65°	65°	61°	+3
49	71°	71°	71°	+3
263	28°	28°	28°	-14
404	40°	40°	40°	-14
100	29°	29°	29°	0
169	16°	15°	15°	+2
3055	154°	154°	154°	+12
105	61°	61°	61°	-14
2	18°	16°	16°	-14
1267	25°	26°	26°	+3
6916	13	12°	13°	+4
419	41°	42°	42°	-14
2562	52°	51°	52°	+3

Age	High	Low	Lat	Long
503	21°	21°	21°	-14
1031	11	104°	104°	-14
74	74°	74°	74°	-14
17	17°	17°	17°	+3
16	62°	28	28°	+3
170	13°	15°	15°	-14
726	144°	13	14°	+12
567	93°	93°	93°	-14
180	36°	34°	35°	-14
3319	73°	73°	73°	-14
79	44°	44°	44°	-14
1	37°	38°	38°	-14
130	64°	63°	63°	-14
521	154°	14°	14°	-14
100	144°	64°	64°	-14
9313	154°	164°	164°	-14
127	13°	12°	13°	-14
416	16°	18°	18°	-14
1002	164°	174°	174°	-14
202	15°	19°	19°	-14
387	8°	7°	7°	-14

Age	High	Low	Lat	Long
5117	59	58°	58°	+3
736	164°	164°	164°	-14
612	30	28°	28°	-14
477	41°	41°	41°	-14
6163	16°	16°	16°	-14
5015	12	11°	11°	-14
4058	24°	25°	25°	+14
768	13°	15°	15°	-14
100	34°	34°	34°	-14
6225	104°	24°	25°	+14
135	23°	23°	23°	-14
56	14°	14°	14°	-14
100	24°	24°	24°	-14
135	75°	18°	18°	-14
694	54°	45°	45°	+3
137	8	8°	8°	-14
6	14°	14°	14°	-14
3	14	14	14	-14
135	23°	23°	23°	-14
239	94°	94°	94°	-14
510	12°	12°	12°	-14
775	14	13°	13°	-14
630	27°	25°	26°	-14
33	47°	47°	47°	-14
281	49°	48°	48°	-14
601	16°	17°	17°	-14
97	10	64°	10	-14
332	104°	104°	104°	-14
782	184°	174°	175°	-14
343	154°	18°	15°	-14
239	24°	24°	24°	-14
557	60°	18°	20°	-14
554	65°	65°	65°	+14
100	144°	144°	144°	-14
465	204°	21°	21°	-14
20	47°	45°	45°	-14
603	184°	184°	184°	-14
274	214°	204°	212°	-14
414	28°	27°	27°	-14
284	264°	25°	26°	-14
272	334°	334°	334°	-14
127	33°	34°	34°	-14
371	36°	36°	36°	-14
547	23°	23°	23°	-14
332	204°	19°	20°	-14
59	184°	174°	18°	-14
177	6°	6°	6°	-14
48	22°	21°	21°	-14
388	17°	17°	17°	-14
702	30°	30°	30°	-14
50	164°	164°	164°	-14
17	214°	304°	304°	-14
308	21°	21°	21°	-14
342	65°	64°	63°	-14
338	25°	24°	24°	-14

4 pm close November 10

32	31	31	
35	35	34	
29	27	28	-4
6	8	5	
32	32	30	+12
14	13	13	
7	6	7	
15	15	15	-3
18	18	14	-4
37	41	36	
3	3	3	+6
44	44	44	-6
13	13	11	+6
23	28	28	-6

55	53	53	-2
6	5	5	-4
18	17	17	-1
54	55	54	-1
15	14	14	-1
22	22	22	
41	41	41	
24	23	23	-1
47	47	47	-1
12	11	11	-1
10	10	10	
37	37	37	-1
8	8	8	-1

55	53	53	-2
6	5	5	-4
18	17	17	-1
54	55	54	-1
15	14	14	-1
22	22	22	
41	41	41	
24	23	23	-1
47	47	47	-1
12	11	11	-1
10	10	10	
37	37	37	-1
8	8	8	-1

55	53	53	-2
6	5	5	-4
18	17	17	-1
54	55	54	-1
15	14	14	-1
22	22	22	
41	41	41	
24	23	23	-1
47	47	47	-1
12	11	11	-1
10	10	10	
37	37	37	-1
8	8	8	-1

55	53	53	-2
6	5	5	-4
18	17	17	-1
54	55	54	-1
15	14	14	-1
22	22	22	
41	41	41	
24	23	23	-1
47	47	47	-1
12	11	11	-1
10	10	10	
37	37	37	-1
8	8	8	-1

55	53	53	-2
6	5	5	-4
18	17	17	-1
54	55	54	-1
15	14	14	-1
22	22	22	
41	41	41	
24	23	23	-1
47	47	47	-1
12	11	11	-1
10	10	10	
37	37	37	-1
8	8	8	-1

55	53	53	-2
6	5	5	-4
18	17	17	-1
54	55	54	-1
15	14	14	-1
22	22	22	
41	41	41	
24	23	23	-1
47	47	47	-1
12	11	11	-1
10	10	10	
37	37	37	-1
8	8	8	-1

55	53	53	-2
6	5	5	-4
18	17	17	-1
54	55	54	-1
15	14	14	-1
22	22	22	
41	41	41	
24	23	23	-1
47	47	47	-1
12	11	11	-1
10	10	10	
37	37	37	-1
8	8	8	-1

55	53	53	-2
6	5	5	-4
18	17	17	-1
54	55	54	-1
15	14	14	-1
22	22	22	
41	41	41	
24	23	23	-1
47	47	47	-1
12	11	11	-1
10	10	10	
37	37	37	-1
8	8	8	-1

55	53	53	-2
6	5	5	-4
18	17	17	-1
54	55	54	-1

FINANCIAL TIMES
Perrier battle ends with something for everyone

Perrier battle ends with something for everyone

AMERICA

Dow higher despite rising bond yields

Wall Street

US SHARE prices firmed in light trading yesterday morning, with blue-chip stocks especially strong, in spite of a rise in long-term bond yields, writes Patrick Harrington in New York.

At 1 pm, the Dow Jones Industrial Average was up 15.37 at 3,655.44. The more broadly based Standard & Poor's 500 was 2.05 higher at 462.38, while the Amex composite was down 0.52 at 475.50, and the Nasdaq composite 4.18 higher at 774.02. Trading volume on the NYSE was 183m shares by 1 pm.

Prices struggled from the opening as rising bond yields unsettled market sentiment. The bond market was reacting to rising commodities prices and the latest news on inflation - a 0.4 per cent rise in the October producer price index. Although the increase was

MEXICO was up 2.6 per cent at midday on optimism over the progress of NAFTA. The IPC index was quoted 50.38 higher at 2,004.22.

In Brazil, equities had risen 6.5 per cent by midday on renewed hopes that the government would launch anti-inflationary measures before the year-end. The Bovespa index gained 1,391 at 22,735.

broadly in line with analysts' forecasts, after Tuesday's much better-than-expected producer prices data, the stock and bond markets had been hoping that the consumer prices figures would be equally encouraging.

The increase in bond yields immediately fed through into lower equities, and investors were also troubled by a big jump in weekly unemployment insurance claims. The early losses, however, were not substantial, and smaller-company stocks actually started the day with solid gains. By mid-morning

ing the markets had recovered their pace, prices were inching higher across the board, and it was not long after midday that the Dow's gains hit double-figures.

Semiconductor companies were in demand on reports of strong demand for their products. Only last week the sector was hit by selling on concerns about sales. Texas Instruments jumped 3% to \$82, Motorola added 2% at \$102, National Semiconductor firmed 1% to \$17, and Storage Technology added 1% at \$28.

Paramount Communications fell 1% to \$90 in busy trading after administrators cancelling the disposal of the business empire of Mr Robert Maxwell announced that his Macmillan publishing group would be sold to Paramount for just over \$1bn.

Telefonos de Mexico rose 2% to \$83 as investors suggested that the chances of NAFTA passing congress in a crucial vote next week had been boosted by Tuesday night's televised debate between vice-president Al Gore and NAFTA opponent Ross Perot.

Walt Disney eased 5% to \$41 after the announcement that it would fund its Euro Disney subsidiary while exploring a possible financial restructuring of the troubled theme park.

Canada

TORONTO recouped early losses to gain slightly at midday on stronger precious metal and real estate stocks. The TSE-300 composite index was up 5.02 at 4,256.41 in turnover of C\$270.82m.

SOUTH AFRICA

JOHANNESBURG bad to start for direction but index ended the day higher, gains put on 13 at 4,538, industrials 23 at 4,538 and the overall 24 at 4,631. South African Breweries advanced R1.50 to R65.50 on good results.

EUROPE

Hoechst loses premium after third quarter slide

INFLATION figures in the US out less ice than they did on Tuesday, writes Our Markets Staff.

FRANKFURT lost Tuesday afternoon's gains, the DAX index closing 1.10 higher on the session at 2,023.54, and the DAX index fell from 2,023.54 to 2,020.44 at the post-bourse close. Turnover rose from DM7.8bn to DM8.4bn.

Company results were uninspiring or worse. Mr John Blackley of James Capel chose the first adjective to describe flat profits and dividend from Siemens, which ended the post-bourse with its shares in similar condition at DM7.15.

Capel reckoned that heavy provisioning hit Hoechst, with the chemical company's pre-tax profits down by 40 per cent after nine months and worse in the September quarter. The shares fell DM5.50 to DM268.70, 60% higher than BASF - to which they stood at a DM41, or 90 per cent premium at the beginning of this year.

Meanwhile, Asko's sensitivity to upcoming news was reflected in a new 1993 high on the sale of its stake in Adia, the Swiss employment agency group. The shares rose DM38 to DM399; the sale was predicted in March of this year, but the actuality meant that, for the German retailer, a potential liability was at an end.

PARIS lost virtually all of Tuesday's gains. It was influenced by a number of factors, including a 12 per cent fall in Euro Disney. The CAC-40 index ended down 25.56 or 1.2 per cent at 2,067.32. Turnover was FF3.6bn. The market will be closed today.

Euro Disney was twice suspended, once before the announcement of its FF5.5bn loss for the year ended September, and then when, on resumption, it went limit down at FF37.40. The shares eventually closed off FF5.70 at FF38.00.

Mr Michael Woodcock, French analyst at Nikko Europe, commented that the problem with the theme park had more to do with poor timing of paying out bonuses than expenses. "The group has done all it can to reduce expenses, but it has failed so far to attract sufficient quality visitors who will spend," he said.

"The park has also proved to be far more seasonal than Disney ever thought, and compared with other theme parks it still remains expensive."

The operation was faced with huge gearing and a need for massive restructuring, added Mr Woodcock, and it was going to be a long time before the shares attracted investment support.

AMSTERDAM weakened, largely on technically inspired trading related to selling of futures and options. The CSE Tendency index eased 1.8 or 1.3 per cent to 134.2.

Further negative reports regarding Alcazar, which involves negotiations between

four European airlines on forming an alliance, left KLM down F11.20 to F138.10.

Royal Dutch closed off F12.40 to F120.10 ahead of results which are expected to be released today. Unilever went against the trend with a gain of 60 cents to F216.60.

MILAN derived little benefit from Senate approval of key parts of the budget late on Tuesday. Shares were dragged lower again by further sharp falls in telecom stocks.

The Comit index gave up 12.33 or 2.4 per cent to 538.46. Slip shed 1.00 or 3.3 per cent to 1,004 in volume of 27.7m shares while Stet fell L132 or 5.2 per cent to L1,507 in volume of 21.9m shares.

Analysts noted that the very high volume of trading in the shares indicated profit-taking by US investors, already unmoved by the country's fragile political situation. The sell-off was sparked on Tuesday by the exclusion of Italian companies from a possible link between AT&T and the German and French state telephone companies, a development which, yesterday, many analysts doubted would have any negative impact in the medium term on Stet and Sip.

Flat, cutting December car output, shed L77 to L2,345 in volume of 9.4m shares following comments by Mr Giovanni Agnelli that recovery in European car demand could be delayed until the end of 1994.

ZURICH continued higher although shares ended off their best levels with the market unable to maintain the momentum seen on Tuesday. The SMI index, 30 points ahead during the morning, finished 15.0 higher at 2,743.1.

Bearer shares in Adia, the temporary employment group, shed SF1 to SF173 as the company announced that Mr

Klaus Jacobs was buying the Adia stake held by Asko, the German retailer. However, the participation certificates surged SF40 to SF168 in response to news that they will be converted into bearers as part of a share simplification plan.

Sulzer, the engineering group, eased SF5 to SF770 after a day's low of SF764 in response to its forecast of steady profits but a fall in new orders. SMH dipped SF6 to SF824 as the watchmaker said it had chosen an as yet unnamed car producer as a partner to build its environmentally friendly Swatchmobile city car.

MADRID's general index closed 1.12 higher at 300.66 in turnover of some Ptas2bn. Trading was edged, but Corpas to the oil group, rose Ptas25 to Ptas210 on a 56 per cent rise in nine-month profits and Peca, the Catalan utility, put on Ptas7 to Ptas793 on Iberdrola's sale of a 4 per cent stake to Endesa.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

11-SE Actuaries Share indices

November 10		THE EUROPEAN SERIES									
Hourly changes		Open	10.30	11.00	12.00	13.00	14.00	15.00	Close		
FT-SE Eurotrack 100		134.15	134.04	132.94	132.83	134.50	132.51	133.64	133.90		
FT-SE Eurotrack 200		140.25	140.78	140.82	140.76	140.86	140.73	140.84	140.84		
		Nov 9	Nov 8	Nov 7	Nov 6	Nov 5					
FT-SE Eurotrack 100		134.67	133.73	133.58	133.58	133.63	133.71				
FT-SE Eurotrack 200		140.51	139.82	139.82	139.84	140.26	140.27				
Data from 1000											

Source: 11-SE (1993) 11-SE (1993) 11-SE (1993) 11-SE (1993) 11-SE (1993) 11-SE (1993) 11-SE (1993) 11-SE (1993) 11-SE (1993) 11-SE (1993) 11-SE (1993) 11-SE (1993)

tors who will spend," he said. "The park has also proved to be far more seasonal than Disney ever thought, and compared with other theme parks it still remains expensive."

The operation was faced with huge gearing and a need for massive restructuring, added Mr Woodcock, and it was going to be a long time before the shares attracted investment support.

AMSTERDAM weakened, largely on technically inspired trading related to selling of futures and options. The CSE Tendency index eased 1.8 or 1.3 per cent to 134.2.

Further negative reports regarding Alcazar, which involves negotiations between

four European airlines on forming an alliance, left KLM down F11.20 to F138.10.

Royal Dutch closed off F12.40 to F120.10 ahead of results which are expected to be released today. Unilever went against the trend with a gain of 60 cents to F216.60.

MILAN derived little benefit from Senate approval of key parts of the budget late on Tuesday. Shares were dragged lower again by further sharp falls in telecom stocks.

The Comit index gave up 12.33 or 2.4 per cent to 538.46. Slip shed 1.00 or 3.3 per cent to 1,004 in volume of 27.7m shares while Stet fell L132 or 5.2 per cent to L1,507 in volume of 21.9m shares.

Analysts noted that the very high volume of trading in the shares indicated profit-taking by US investors, already unmoved by the country's fragile political situation. The sell-off was sparked on Tuesday by the exclusion of Italian companies from a possible link between AT&T and the German and French state telephone companies, a development which, yesterday, many analysts doubted would have any negative impact in the medium term on Stet and Sip.

Flat, cutting December car output, shed L77 to L2,345 in volume of 9.4m shares following comments by Mr Giovanni Agnelli that recovery in European car demand could be delayed until the end of 1994.

ZURICH continued higher although shares ended off their best levels with the market unable to maintain the momentum seen on Tuesday. The SMI index, 30 points ahead during the morning, finished 15.0 higher at 2,743.1.

Bearer shares in Adia, the temporary employment group, shed SF1 to SF173 as the company announced that Mr

Klaus Jacobs was buying the Adia stake held by Asko, the German retailer. However, the participation certificates surged SF40 to SF168 in response to news that they will be converted into bearers as part of a share simplification plan.

Sulzer, the engineering group, eased SF5 to SF770 after a day's low of SF764 in response to its forecast of steady profits but a fall in new orders. SMH dipped SF6 to SF824 as the watchmaker said it had chosen an as yet unnamed car producer as a partner to build its environmentally friendly Swatchmobile city car.

MADRID's general index closed 1.12 higher at 300.66 in turnover of some Ptas2bn. Trading was edged, but Corpas to the oil group, rose Ptas25 to Ptas210 on a 56 per cent rise in nine-month profits and Peca, the Catalan utility, put on Ptas7 to Ptas793 on Iberdrola's sale of a 4 per cent stake to Endesa.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

ASIA PACIFIC

Nikkei edges ahead as pressure on JR East subsides

Tokyo

AFTER AN early plunge through the 18,000 level, the Nikkei average finally closed marginally higher after a day of fluctuations, writes Emilio Terzani in Tokyo.

Shares prices moved on arbitrage activity, margin selling and index-linked buying by financial institutions before the 225-issue average ended 4.00 better at 18,121.71.

The Nikkei saw a low of 17,818.28 in early trading on selling by arbitrageurs and margin liquidation and a high of 18,227.92 later as a rise in the futures market triggered index-linked buying, but in the end, most of the gains were eroded by further selling.

Volume rose to 395.1m shares from 315m. Declines led advances by 751 to 290, with 117 issues unchanged, the

Topix index of all first section stocks shed 8.98 to 1,534.78 and, in London, the ISE/Nikkei 50 index lost 0.83 to 1,235.29.

Fears of a further plunge subsided as selling pressure on East Japan Railway receded. Traders said the stock has become an important benchmark for the market, and many investors still fear that a further fall could drag down other leading shares.

Mr Hirohisa Fujii, the finance minister, blamed the decline of equity prices on the recent state of sluggish corporate results. He said the government was not considering injecting more public funds into the stock market to stimulate activity.

JR East closed unchanged at ¥451,000 after initially falling to ¥444,000. Nippon Telegraph and Telephone gained ¥1,000 at ¥756,000. Banks tumbled on index-linked selling; Industrial

Bank of Japan fell ¥30 to ¥3,190 and Dai-ichi Kangyo Bank ¥80 to ¥2,200. Margin selling depressed Fujitsu by ¥8 to ¥901 and NEC by ¥10 to ¥893. However, Sumitomo Metal Mining, which had recently lost ground on margin-linked selling, rallied ¥10 to ¥899 on bargain hunting.

Housing issues were higher on firm condominium sales. Daiwa House Industry moved ahead ¥30 to ¥1,570 and Dai-ichi Y10 to ¥1,060.

In Osaka, the OSE average fell 137.21 to 20,164.03 in volume of 22.1m shares. The index declined on margin liquidation.

THE FIRMER tone was mirrored in many of the region's markets. HONG KONG surged 2.6 per cent on a late round of over-

seas demand aimed at blue chips as the market refocused its attention on political developments. The Hang Seng index moved forward 236.97 to 9,325.44 in turnover that reached HK\$4.8bn, compared with HK\$4.7bn on Tuesday.

The late demand was attributed to expectations of positive news from last night's meeting in London between Governor Chris Patten and a British cabinet committee to map out a strategy for future Sino-British talks on Hong Kong's political reforms.

SINGAPORE's Straits Times Industrial index advanced 27.71, or 1.35 per cent, to 2,051.01 as institutional buyers and bargain hunters concentrated their attention on index-linked stocks.

KARACHI was spurred higher by overseas demand on the view that Ms Benazir Bhutto, the prime minister,

will, maintain economic reforms begun by Mr Moen Qureshi, her predecessor, writes Farhan Bokhari.

The KSE index rose 41.00, or 2.5 per cent, to 1,655.47, its highest level for 22 months.

BANGKOK moved ahead 2.45 per cent on heavy demand for financial and property issues. The market index closed at the day's high, up 32.23 at 1,347.82.

TAIWAN finished firmer across the board on a technical rebound after five consecutive days of falls, and the weighted index recovered 18.97 to 4,191.41.

A decline in turnover to a moderate T\$23.49bn from the previous day's T\$27.78bn was attributed to growing caution ahead of local government elections on November 27.

MANILA rallied after a four-day correction, the composite index adding 27.8 at 2,367.87.

KUALA LUMPUR was firm

after its recent volatility and the composite index appreciated 12.23 to 950.89.

NEW ZEALAND continued to be weighed down by post-election uncertainty and the NZSE-40 capital index dropped 76.82, or 3.7 per cent, to 2,013.76.

AUSTRALIA drifted lower for the seventh consecutive day in the absence of foreign buyers. The All Ordinaries index fell to 2,034.6 before closing a net 7.9 off at 2,042.9. Turnover totalled A\$32.9m.

SEOUL was easier after a volatile day, the composite index dipping 2.31 to 777.99.

A Finance Ministry plan to allow some financial companies to raise capital in the stock market sparked early strong demand for financial issues, but the activity came to an abrupt halt when investors discovered that the plan excluded banking institutions.

Sri Lanka soars on strong foreign buying

By John Pitt and Mervyn de Silva

THE Sri Lankan equity market has shown an impressive rise over the last week as foreign investors have become even more active. The market's rally began in May, coincidentally around the time of the assassination of the president, Mr Rana-singhe Premadasa, and as neighbouring markets, such as Pakistan, were also showing signs of coming out of the doldrums.

Since then the Colombo all-share index has climbed by more than 60 per cent and, as measured by the IPC, the market has gained nearly the same amount in dollar terms over the year to date.

Foreign investors dominate equity trading, accounting for between 40 and 60 per cent of daily average turnover, and renewed interest in the country has been sparked in the last week following a conference of overseas institutions held on the island.

EMERGING MARKETS: IPC WEEKLY INVESTABLE PRICE INDICES									
		Dollar terms			Local currency terms				
		Nov 5 1993	% Change over week	% Change on Dec '92	Nov 5 1993	% Change over week	% Change on Dec '92		
Market	No. of stocks								
Latin America									
Argentina	(11)	775.32	-5.6	+33.6	475,758.88	-5.6	+33.6		
Brazil	(44)	213.52	+2.1	+70.8	53,822,988.05	+2.1	+70.8		
Chile	(29)	458.82	-1.4	+8.7	756.73	-1.4	+8.7		
Colombia	(8)	517.87	+0.5	+21.8	749.51	+0.5	+21.8		
Costa Rica	(5)	765.41	-2.0	+13.2	1,027.13	-2.0	+13.2		
Ecuador	(7)	110.96	-6.5	+11.0	146.59	-6.5	+11.0		
El Salvador	(7)	568.92	-5.8	+9.5	1,299.88	-5.8	+9.5		
East Asia									
South Korea	(130)	104.88	+6.2	+6.6	111.27	+6.2	+6.6		
Philippines	(11)	239.43	+1.5	+79.3	354.85	+1.5	+79.3		
Taiwan	(76)	87.90	+4.3	+19.1	87.32	+4.3	+19.1		
South Asia									
India	(61)	90.80	+0.4	-3.1	100.41	+0.4	-3.1		
Indonesia	(31)	103.40	+6.8	+78.2	118.04	+6.8	+78.2		
Malaysia	(8)	272.16	-0.8	+66.4	256.97	-0.8	+66.4		
Pakistan	(8)	275.49	+2.5	+37.8	374.06	+2.5	+37.8		
Sri Lanka	(5)	155.09	+4.5	+65.1	166.22	+4.5	+65.1		
Thailand	(52)	370.15	+2.7	+80.7	372.42	+2.7	+80.7		
Euro/Mid East									
Greece	(17)	217.70	-3.1	+11.5	357.48	-3.1	+11.5		
Jordan	(3)	164.34	-0.7	+40.7	235.84	-0.7	+40.7		
Portugal	(16)	110.20	+0.4	+42.9	131.70	+0.4	+42.9		
Turkey	(31)	174.71	+1.5	+181.3	1,083.21	+1.5	+181.3		

Indices are calculated at end-week, and weekly changes are percentages from the previous Friday. These data Dec 1990-1993 except those noted which are: (1990) 1991; (1991) 1992; (1992) 1993; (1993) 1994; (1994) 1995; (1995) 1996; (1996) 1997; (1997) 1998; (1998) 1999; (1999) 2000; (2000) 2001; (2001) 2002; (2002) 2003; (2003) 2004; (2004) 2005; (2005) 2006; (2006) 2007; (2007) 2008; (2008) 2009; (2009) 2010; (2010) 2011; (2011) 2012; (2012) 2013; (2013) 2014; (2014) 2015; (2015) 2016; (2016) 2017; (2017) 2018; (2018) 2019; (2019) 2020; (2020) 2021; (2021) 2022; (2022) 2023; (2023) 2024; (2024) 2025; (2025) 2026; (2026) 2027; (2027) 2028; (2028) 2029; (2029) 2030; (2030) 2031; (2031) 2032; (2032) 2033; (2033) 2034; (2034) 2035; (2035) 2036; (2036) 2037; (2037) 2038; (2038) 2039; (2039) 2040; (2040) 2041; (2041) 2042; (2042) 2043; (2043) 2044; (2044) 2045; (2045) 2046; (2046) 2047; (2047) 2048; (2048) 2049; (2049) 2050; (2050) 2051; (2051) 2052; (2052) 2053; (2053) 2054; (2054) 2055; (2055) 2056; (2056) 2057; (2057) 2058; (2058) 2059; (2059) 2060; (2060) 2061; (2061) 2